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A Short Survey of the Economic Development of England and the Colonies

1874-1914

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A SHORT ECONOMIC HISTORY OF ENGLAND

A Short Survey of the Economic Development of England and the Colonies

1874-1914

by

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PREFACE

THE object of this little book is to give those interested a statement, based on a short survey of their origin, of the economic problems that face the men of the twentieth century. The fifty years before the War are treated in some detail, and each subject is prefaced by a rapid sketch of the earlier development, sufficient, it is hoped, to make clear the situation in 1874.

The selection of that date has been made, because it was the moment when the rapidly changing society of the nineteenth century became comparatively static, or, at any rate, it was the point at which the course of history for the next fifty years was determined and set. The close of the Franco-German War of 1870 marks the new departure, a redealing of the cards politically and a definite entry of the *whole* of Europe on the path of industrial and commercial expansion, along which England had already some fifty years' start.

Some knowledge of this economic basis of our modern history seems to me very necessary to every educated man and woman, but it is not easy for busy people to obtain it from the multiplicity and great detail of its literature. My attempt at condensation is offered with considerable diffidence, for the mass of material is vast and my skill very limited ; what I conceive to be a great need for something of the kind is my only excuse.

CHARLOTTE M. WATERS.

To my Friend

MARJORY PEASE, J.P.,

to whom this book owes its existence.

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A SHORT SURVEY OF THE ECONOMIC DEVELOPMENT OF ENGLAND AND THE COLONIES 1874–1914

CHAPTER I

INTRODUCTORY

BEFORE one can survey in any detail the economic development of the British Empire during the past fifty years, or any part of them, it is necessary to have some knowledge of earlier conditions and history. All societies are rooted deeply in the past, and this is particularly so in England, where the most profound revolutions have from time to time been wrought without absolute fracture of the existing system, and have continued and carried with them whole branches of the original growth. Maitland warned his students that no one could understand modern English land law unless he had grasped the reforming measures of Edward I., and any study of present-day conditions and problems is incomplete without some acquaintance with the history of our land since Domesday.

In the Middle Ages—that is to say, between the eleventh and the fifteenth centuries—English land was held by a system of feudal tenure and cultivated on a basis of communal agriculture. No land was held by absolute right; all paid rent to some one; in the final event all land was the King's. The rents paid took many forms, the highest and most honourable in esteem being military service, the lowest villein work. Between these extremes lay many grades, often overlapping. There was the money rent of the freeman, the service rent of the sokman, who was yet free, the heavier service rent of the villein, who was a serf, but one by no means devoid of rights. Each held his land by definite rent of money and service, from the holder of many manors to the villein with half a virgate. Failure to pay might mean ejection. No

man was free from a lord. No man either was free of his underlings ; arbitrary power of displacement was by custom, if not in law denied ; the villein's tenure was not certain, but custom and his lord's need of his services gave him fair security. Gradually, as the years rolled by, the closeness of the system relaxed. Great lords won rights from the King, as the barons did in Magna Carta, sokmen and the richer villeins bought out their service rents and substituted money ones, and by the end of the fifteenth century money rather than service was the link between lord and peasant.

The system of cultivation, too, had changed. In the twelfth century the village cultivated its fields in strips of half and whole acres, sharing ploughs and oxen, each man in turn ; while the lord's land was worked by the rent services of his villeins. A three-field system was general in mid and south England, with a rotation of wheat, barley and fallow. The system was not universal : the South-west, Kent, and the North had different histories and different methods, but the three-field system was the type. By 1500 had come a great change : service rents had to a great extent ceased, the villeins had obtained a large measure of freedom, many of the open fields with their individual strips and common cultivation had disappeared, sheep had replaced corn over large areas, and the capitalist investor in land had appeared on the scene. The great lords had thrown off many of their feudal rents ; military service was no longer demanded, since professional men-at-arms had replaced the feudal host. Still more important, a large proportion of the nobles was dead in the Wars of the Roses ; those who remained regarded the land as their own property and free tenure had become absolute ownership. The villein had acquired legal rights against his lord, and his tenure, now called *copyhold*, could be defended in the courts. With this absolute ownership came the change in agriculture. The growth of manufactures had produced a large demand for wool, and the impoverished noble and the *nouveau riche* of the early sixteenth century turned their attention to its production. Hence enclosures (arbitrary enclosing of common lands), displacement of agricultural labourers and the appearance of the unemployed. Throughout the sixteenth century the agricultural revolution went on ; first the turning of arable land to pasture referred to above ; then this was stayed by the demand of the grow-

ing towns, especially London, for corn, and the introduction of new foods, especially vegetables, to meet the rising standard of life of the people. By 1600 the changes were nearly over, and the body of the feudal system nearly dead, though its spirit lingered yet; many communal fields remained, but individual ownership was quite as common and was very much more productive. The unemployed problem had been partly dealt with by the Poor Law of 1601; partly it had solved itself in the increasing commercial and industrial activity of the nation. In 1660 the great landowners threw off the last shackles of feudalism by transferring what remained of their rents to the whole nation in the form of new customs and excise; henceforth they were absolute owners of the land that had once been the property of the nation.

For another hundred years the tenure of English land and its cultivation remained much the same. There were many great landowners; there was a large body of "yeomen"—freehold working farmers, who themselves, with their families and a few hired labourers, tilled the land they owned; there were copyholders, descendants of the old villeins, whose tenure, though legally different, was not greatly different in practice from freehold. Added to these categories were tenant farmers, holding by lease or at will from the great landowners, and lastly, a considerable body of hired labourers, often younger sons of the smaller farmers and freeholders, who were able in some numbers to save and become farmers in their turn. The feudal spirit survived, and the lord of the manor was still the centre of village life; but the farmers were quietly comfortable according to the standards of the time, and the early eighteenth century was probably a period in which the country labourer was better fed and, relatively to his neighbours, better housed than at any time in our history.

With 1760 came a change; the land was getting impoverished, new and improved methods of farming were introduced, the old routine of wheat, barley, fallow was broken by the introduction of roots, and "Turnip Townsend" was perhaps responsible for as great a revolution as Watt and his steam-kettle. The change of methods brought about a demand for a much-needed change of system. The open fields, with intermingled strips, suitable to days when a complete plough-team was beyond the dreams of any but the rich lord, were very unfitted for experiment and

development. None could advance beyond his neighbour, and one lazy or stupid farmer could stultify all the efforts of his neighbours by letting his undrained and unweeded strip contaminate theirs. Besides, all the village had pasture rights over the arable fields after August 17th, and no work was possible till the winter ploughing began. The village herds could not be improved when all ran wild together on the waste or the stubble, and, unless winter fodder could be secured, most beasts had to be killed by November. When a few enlightened landowners had shown what could be done on enclosed lands, both in increasing produce and improving stock, a cry arose for general enclosures. For the whole story of this revolution you must go to histories of the period; here we can only note the result. In 1750 half England at least was covered with open fields, worked on much the same system as in the thirteenth century; by 1850 they had almost disappeared from the land, which had assumed its present appearance of small hedged fields, in which each farmer farmed according to his own desires, limited only by the conditions inserted in his lease. His success depended entirely on his own intelligence and industry and the amount of enlightened self-interest displayed by his landlord.

But beneath this seemingly simple change lay a catastrophic revolution. Gone were most of the 600,000 freeholders of the seventeenth century; gone the labourer landholder, who combined working for wages with a freehold or copyhold holding of a cottage and an acre or two of land; gone the landless labourer's cow and geese, who picked up a precarious living on the commons and wastes, and offended the scientific cultivator's eye by their miserable form and appearance. In their place were tenant farmers farming large farms, from 100 to 200 acres, paying high rents and employing much capital. The labourer's wages had sunk to a mere pittance, and were now unsupplemented by the produce of either garden or rights of common; there had been a huge drift to the towns. The produce of the country had greatly increased, farming was scientific, highly productive, and provided high rents for the landowners. But village life was stagnant, and the hired labourers were degraded by miserable feeding and disgraceful housing to a standard of life lower, relatively, to the rest of the nation than had ever been known in

England. From 1850 to 1870 was the golden age of English farming; landowners and farmers alike made fortunes; the land produced greatly, capital and science being both brought to bear, and in all branches, except dairying, farming reached its highest point. But the labourers shared in none of this; unenfranchised, too isolated to join in the new movements of the industrial workmen to combine, placed by tied cottages at the mercy of their masters, the farmers, they were helpless to make even an effort. The drift to the towns continued.

Industrial organisation is much later in history than that of the land, and it is never quite so fundamental. Whole civilisations have risen and waned in which the organisation of industry, apart from agriculture, has been either very simple or non-existent. In England the early village communities can hardly be said to have possessed any. A few craftsmen in wood and iron supplied to each village its simple needs; hardly anything was obtained from outside. A smith worked up iron into ploughs and spades and spears, the market a few miles off supplied the few crocks necessary in an age of fingers and wooden platters, while clothes were the work of the women in their homes from the fleece to the finished garment. But by the twelfth century towns were common, and with them came a greater division of labour, and butchers, leather workers, armourers, vintners, carpenters, masons, weavers, tailors, and others appeared in bands. Copying the proceedings of the shopkeepers and merchants, to which we shall refer later, the craftsmen organised themselves into gilds, which remained the special feature of the towns till the end of the sixteenth century. These gilds were composed of all the men of each craft, masters and workmen alike, and in the early stages the masters were merely the proficients of the craft, a status to which all might eventually aspire. The gilds were recruited by means of apprentices, to whom the masters were bound to teach the "mystery," and all members were strictly confined by rules made to ensure good workmanship, fair charges and no competition. The gild was conceived as a brotherhood, and all members were expected to assist their fellows. They acted as friendly societies, insured their members against poverty, sickness and death, and all their functions were sealed by religious oaths and observances. The false dealer was penalised, and a rigid inspection into the

quality of the work turned out was maintained. The gild held a monopoly of the craft; no one outside its membership could practise.

At first the gilds were simple and democratic; in small towns they could never be large bodies, but by the fifteenth century many abuses had arrived. The government of the gilds had fallen into the hands of the wealthier members, who used their position to further their own interests, and the growing luxury of the age had made it necessary in many trades to possess considerable capital before setting up as a master. Consequently, the ex-apprentice found himself a journeyman not for a few years, but for life, and the small bodies that controlled the gilds made matters worse by a policy of exclusiveness, which, by raising the entrance fees, made it still harder to rise from journeyman to master. Throughout the sixteenth century two battles raged: one between the journeymen and the masters—*i.e.*, labour and capital—and the other between the masters of the gilds and outsiders who tried to set up business without joining the gilds. In the war between the journeymen and the masters the latter may claim the victory, though it was tempered by occasional defections of the workmen, who, especially in London, moved outside the city walls and formed gilds of their own. These in turn usually became as exclusive and reactionary as their former masters. In the battle with outsiders, the gilds, though supported by the Government, were defeated; the growth of population made migration to the suburbs, and even, in industrial areas like Norfolk, to the villages possible, and outside the corporate boroughs men were free to work as they pleased independently of the gilds. Much of the gilds' wealth went in the Reformation, when Edward VI.'s rapacious counsellors seized their charitable funds in the name of religion. By the eighteenth century they were little more than picturesque historic survivals.

But the decline of the gilds made little difference in the actual work of the industries. These were still organised on the plan that is known as the "domestic system." The essential feature in this is that the craftsman works in his own home, assisted by his wife and family, and possibly by one or two apprentices or journeymen. In textile work he might have two or three looms, not more; in other industries his tools were hand-tools entirely.

Spinning was done by the women in every cottage, and the yarn sold to some travelling merchant ; the finishing trades were more in the hands of capitalists, but even here few masters employed many workmen. In a craftsman's home agriculture went on side by side with his other work ; and a cow, a garden, fowls and geese helped to feed his family for perhaps half the year. As long as no machinery more complicated than a hand-loom was used this was the best way, and the cheapest. A few early attempts at mass production had been made, and Jack of Newbury, in the fifteenth century, is said to have made a fortune on a system of factory organisation. But in 1750 England as a whole was still a land of villages ; her manufactures were made in the village houses, and stone cottages with large rooms capable of holding two or three looms can be found still in all the manufacturing areas of the seventeenth century.

At the end of the eighteenth century came a change. In 1767 Hargreaves invented his spinning-jenny, by which one man could do the work of ten women, and then came Arkwright's water-frame and Crompton's mule. Both of these required power to work them, and many of the new mills settled by running water, which turned the wheel that ran the frames. But when Watt had found a means of using compressed steam, first to pump and then to turn a wheel, the age of steam began. Within fifty years—that is, within the lifetime of a single man—the textile industries quitted the cottage homes and were collected in factories, where a dozen and then a hundred mules or looms could be worked at once and yards of cloth made where only inches had been before. Cotton took the lead, being a new industry and less hampered by survivals of old gild regulations, but wool and silk followed in due course. The demand for machinery involved a demand for coal and for newer and better processes of smelting and working iron. With the new wealth thus created, badly distributed as it was among the few rather than the many, came the demand for luxuries, and new industries sprang up to meet it. By 1850 " domestic industry " was dead or dying fast ; most of our needs outside food were being provided from factories run by a few men, in which half the nation, men, women and children, laboured in darkness and filth almost from the cradle to the grave.

Such was the " industrial revolution " of the early nineteenth

century. It produced enormous quantities of material, gave great wealth to some, and increased material comfort to the whole middle class, but turned the craftsman into a machine-minder, and the sturdy, and perhaps stupid, country labourer into the undersized, anæmic and sharp dweller of our hideous towns. It brought to the human race much material advance, and much that is hopeful for future times; but, owing to the greed and shortsightedness of the few, it brought also a train of evils which, since 1850, the nation has tried, spasmodically, to annul, so far with indifferent success.

And just as the industry of the Middle Ages was strictly regulated, so was commerce. At first trade was very local; a small market town served an area of some six miles radius, with occasional help from travelling hawkers and the great annual fairs. All was strictly controlled, markets were privileges granted by local magnates, fairs belonged to great lords or to the King. The early traders formed merchant gilds, which strictly regulated the procedure of their members, and at the same time prevented any competition from outside their body. Prices were not left to the law of supply and demand; the Middle Ages believed in a "just price" for everything and penalised those who tried to evade it. Up to the fourteenth century almost our only exports were raw wool and hides, our imports wine and luxuries. But with the increasing wealth of the nation came a demand for other things. Edward III. revived the woollen manufacture, and by the end of the fifteenth century undyed woollen cloth had largely replaced raw wool as an export. The corn trade was also straitly regulated by royal officials, both as to price and movement.

With the sixteenth century came expansion. The centre of world trade shifted westward, and by the end of the century the Atlantic rather than the Mediterranean became the centre of commercial interest. Eastern trade came, not by Venice and Genoa, but by the Cape and Lisbon, and English merchants were seizing from the German and Flemish Hanses the trade of the narrow seas. For trade on this scale more was required than the resources of one or two great merchants, or the one or two ships of small ones. Free competition was threatened in the numbers turning to so lucrative a trade, and free competition did not commend itself to the men of that time. So the great feature of

he sixteenth and seventeenth centuries was the regulated company, whose members, though trading each on his own capital, followed certain regulations laid down for all, maintained on barbarous shores a system of mutual protection, and fiercely fought any "interloper" who dared to trade outside their membership. Joint-stock companies were not usually approved, though the great East India Company was of that kind.

Throughout the three centuries 1500 to 1800 foreign trade worked in shackles, probably necessary at first, later a severe handicap. A theory was accepted, since known as the Mercantilist Theory, that trade with any country should aim at selling more to that country than you bought from it. Hence, gold would flow to England and her wealth increase. The idea probably arose from the very obvious advantage that the possession of gold gave a nation in the wars of a generation that fought mainly with mercenaries. In any case, it became an accepted axiom, and in the eighteenth century the trade with Portugal was thought to be more valuable than that with France, because the former took more of our goods than we of hers, while France took little of our cloth and sent us her wines, her finished goods and her objects of luxury in great quantities. And since gold was so valuable for war, it was an indirect source of power, and trade came to be regarded as subservient to the claims of political national greatness.

The successful wars of the eighteenth century—very largely, as far as England was concerned, wars for overseas markets—strained this system to the utmost. Merchants were increasingly impatient of Government interference and regulation, and claimed that by free trading they could greatly increase the national well-being. When the industrial revolution turned us into the world's workshop, and English textiles and English iron goods were in demand from the ends of the earth, Government control seemed a short-sighted, hampering nuisance with little equivalent advantage.

The battle eventually joined over the Corn Duties, but before that enlightened statesmen, like Pitt and Huskisson, had been modifying trade regulations and lowering customs. The Navigation Acts were modified and then repealed in 1849, and commercial treaties arranged to encourage trade in all directions. But the model of the mercantilist system was the land, for even as late as 1830, the landed interest controlled the Government. Heavy

duties on imported corn had followed the peace of 1815, lest the drop from war prices should ruin landlord and farmer alike. By a sliding scale they tried to keep prices stable, a plan that had been working for over 200 years. But the standard price aimed at was high, bread was dear, and competition had driven down the workers' wages to starvation point. The manufacturers declared more money wages impossible, and urged that, if food were cheaper, real wages would rise and England could continue to undersell all competitors in the world market. The farmers maintained that to let corn in free would ruin them. But in 1846 it was done, the Corn Laws were abolished and practically free import allowed. The farmers were not ruined, because prices did not drop greatly, and the fear that they would drove landlords and farmers alike to an expenditure of capital and energy that for twenty years proved very remunerative. From 1853 to 1870 was the golden age of English farming. Free Trade did not, at the time, do what the manufacturers hoped in increasing real wages, but it made London the exchange port and England the centre of the world's trade. By 1874 England held the pre-eminence, both for manufacture and trade, of the nations of the world. Her ships were on every sea ; half the world's ships were built in her yards ; she had led the way in wood and iron construction, in sail and steam. She had invented and pioneered the steam locomotive, had found capital to open up and civilise distant lands, and, lastly, had sent her sons to occupy the ends of the earth. On a basis of unlimited competition and unshackled individualism she had in a century created more material wealth than the world had hitherto known. That she had also revolutionised her social structure, had degraded her workers to be the slaves of the machine, had made possible vast aggregations of wealth in the hands of the few, and adopted the worship of material success was discerned dimly by the few and unheeded by the mass. The hero of the age was " A Man of Property."

Great, however, as were the changes wrought by factors production and the displacement of our peasantry, the changes due to new methods of transit were probably greater, and without them the others would have been robbed of half their effect. From the going of the Romans to the eighteenth century the chief conveyer of goods by land had been the pack-horse—slow, limited

n capacity and expensive. The first effort at something better vas an attempt to improve the roads, steadily neglected for 1,400 ears, and the early nineteenth century was a time of great improve- ient. From 1820 to 1836 the great coaching roads saw a vast xtension of traffic. Rather earlier had come the canal system, vhich linked up our rivers and made water transit possible for eavy goods. Since the days of Henry VIII. our ships had been arefully fostered by Government, and Englishmen were among he most daring and successful sailors in the world.

Still, none of this was new; roads and ships and canals all had heir origins far back before the dawn of history. All educated nen knew that they were older than the oldest nation. It is difficult for us properly to appreciate how steam transit seemed o our grandfathers. It halved and quartered distances; it nultiplied almost without limit the amount of goods that could e shifted from one place to another; it lengthened life by alving time. The rush and fury of the new power greatly mpressed the men and women of the 'forties. Elizabeth Barrett xpressed the feeling of her contemporaries when she wrote:

> "From the fire and the water we drive out the steam,
> With a rush and a roar and the speed of a dream!
> And the car without horses, the car without wings,
> Roars onward and flies
> On its pale iron edge,
> 'Neath the heat of a thought sitting still in our eyes.'

And they were right, the world of steamships and railways is a vorld of a new kind, a world that is one, and with its parts much oo close together to dare to risk disunity. By 1874 all the new nventions, to us such commonplaces, were in being; in England he railway was almost as we know it, the telegram common, hough still a little startling in its yellow envelope to people in ountry places; the biggest steamship before 1907 had been built, ron had replaced wood, and steel was about to replace iron. During the forty years to come the only really new thing was the elephone, though both flight and wireless telegraphy were in ght by 1914. The world of 1874 was essentially a modern vorld based on machine production, a landless proletariat of vage-earners, capitalist enterprise and free competition—a world nconceivable to the men of a century earlier.

It is time to look at the conscious theory that had gradually been formed from all these changes. Since the days of Athens' greatness certainly—probably, if we could know, for many thousand years before that—there have existed men who have asked for theories of government, rules for social morality, an order based on reason for all the common life of men. In the world of economics these theories have been many and varied. The economics of the ancient Mediterranean civilisation were based on slave labour, and beyond the few who challenged the morality of that basis there was little to think and theorise about. Among the free there might, from time to time, be struggles, such as those between the great and little landholder in Italy, or between a rising commercial class and an aristocracy entrenched on the land. But where the foundation was universally the labour of absolute slaves, the economic system was bound to fall into one mould. The feudal system of the Middle Ages was different. Economically there is a great difference between the slave and the serf—between a man who has no more claims than an animal and a man who has a few but certain rights that it is dangerous to invade. The owning of serfs carries with it duties as well as rights, duties that public opinion will enforce. The feudal system probably grew out of the need for safety ; its conscious object was stability. It was right and best that each should know and keep his own peculiar place in the edifice, and the Church added its approval in terms of a providential ordering of things. The Church itself was ordered in similar fashion, tempered by its practice of the career open to talent. Each grade had its fitting standard of life ; stability depended on discouraging attempts to alter it.

Into this system of a landed aristocracy, supported by a graduated arrangement of dependents, commerce gradually worked a breach. At first men bought and sold to make a living ; gradually the possibility of making more proved too alluring to be resisted it was not long before the profit maker appeared in the market He was not welcomed by any class, but was in time recruited from all. Public opinion, led by the Church, greatly limited his activities. It was considered wrong to ask more than the " just price," to make more than a fair living. Above all, to ask profit for a loan of money, which entailed no work, was conduct unworthy of a Christian. Usury was left, in theory at least, to the

ews, though we may note that banking on the scale of the Bardi nd the Medici was considered quite honourable. Gradually ne breach widened; trading cities like Venice, Florence and Milan showed an advance in civilisation, in manners, in luxury nat became the envy of the feudal North. Even in the heart of eudal territory, along the Rhine, the Rhone and the Seine, great ties grew, whose *raison d'être* was world-wide commerce. But ith commerce on the great scale, usury laws, laws against makers f " corners " and " rings " became useless, and theory rapidly llowed fact. By the sixteenth century popular morality had so nanged that most modern commercial transactions would have een winked at, if not praised, and trade and nationalism had ined hands and justified each other; merchant adventurers and ne Royal Navy, often indistinguishable, advanced side by side r the " greatness " of the nation. Commerce was still strictly gulated, but the belief that the accumulation of riches in one an's hand was bad had gone, and the increasing wealth of the w was accepted as the wealth of the nation; to get riches, far om being unworthy of a Christian, came gradually to be looked n as man's primary object.

But all was not settled when it was agreed that the nation's rst duty was to retain or get wealth and power; the important oint arose, how? The most obvious form of wealth was gold, nd for two centuries at least the belief held that the nation that ad most gold had most power. In a time of constant war there as a good deal of truth in this; the need for easily convertible ealth was dominant. With gold one could buy ships and men nd arms; without it, not even stored granaries and bursting arehouses availed to meet urgent needs. Gold being therefore ower, such trade as brought gold to the land was considered most esirable. No one saw that trade was a universal and not a cal thing, and gold, except for its ease in conversion, no more luable than any other product. So treaties were made and stoms levied with the idea of directing trade into channels ought desirable and diverting it from others, and efforts were ade to use it as an instrument, not so much for increasing the aterial comfort of the nation as its political power.

By the end of the eighteenth century this mercantilist system, it was called, was getting discredited. As early as 1776 Adam

Smith had delivered in his "Wealth of Nations" a smashing attack on its assumptions, and the introduction of machine industry, with its demand for foreign markets, made the old restrictions intolerable. The belief grew up that, if only trade and industry were left alone, with free competition, natural law would bring prosperity to all. Each industry would find the place, the men, and the market that were best suited to it, where it could produce most largely, most rapidly and most cheaply, and the whole world would benefit. Any attempt to produce in the wrong place would be defeated, for the product would be more costly, and would therefore find no market. Labour was looked on as raw material that also would flow to the place where it was wanted; if it was too abundant in one industry its price would be lowered, and immediately some of it would move on to a better market, and the price of that left would rise. If at any time labour was scarce, its price would rise, immediately fresh labour would flow in and the price would fall. The law of supply and demand, left to itself, would produce a natural order and justice to all. This doctrine of *laisser-faire* dominated the nineteenth century, and in its name England embarked on Free Trade, unregulated industry, and the order of the jungle. It produced great aggregate wealth and a grossly unjust sharing of it, a business morality that proclaimed itself the civiliser of backward nations and justified the proverb of *caveat emptor*, a conscience that gave largely out of its great possessions while it ignored the theft from the labourer that had produced them. The creed of *laisser-faire* reached its climax in the 'fifties; the Corn Laws had gone in 1846, and every fresh budget saw a lowering of tariffs. But even before its final triumph, some of the evils inherent in it had become so scandalous that the possessing classes were forced to go back on it, and already in 1833 had begun our long series of Factory Acts, protecting the worker from the more outrageous forms of exploitation; and there were not wanting voices of power denouncing the iniquity of current theory and practice and proclaiming the fact that what injures one inevitably injures all. The workers, too, were recovering from the helpless misery that had marked the transition period, and the 'fifties also saw the birth of modern Trade Unionism. As yet a few only doubted the current faiths; many were willing to mitigate the evils they sustained.

CHAPTER II

AGRICULTURE

The Decline of Agriculture and its Partial Recovery.—The tide of agricultural prosperity in England had reached its height in the middle 'sixties; till 1875 it slacked, and then definitely ebbed. There had been an inflation of prices during the Franco-Prussian War of 1870, and shortsighted landowners had in many cases raised rents. When the war boom died down, not only agricultural, but also industrial capitalists were slow to realise the moment for retrenchment, with the usual results of over-production, followed by dwindling markets. The workless operatives ceased to buy beyond the barest needs of subsistence, and the home market quickly followed the collapse of the foreign, for the new methods of transit made the world practically one. The expected fall of prices had not followed the repeal of the Corn Laws in 1846, and for nearly thirty years the force of free competition seemed in abeyance. The more scientific agriculture embarked on in anticipation of it appeared to supply a large part of the nation's needs, and foreign competition seemed not yet ready to seize the opportunity for free entrance. But in 1873 there was an industrial collapse in the United States, which then consisted almost entirely of States east of the Mississippi. Industrial failure east of the Alleghanies drove men west in search of livelihood, and quickly the corn grown on the virgin soils of the middle west was pouring into the markets of Europe. At the moment English farmers were facing a succession of evil seasons as well as diminishing markets, and the produce of English wheat lands fell in 1879 to 15½ bushels the acre. A shortage should at least have implied rising prices, which might have partially saved the farmers; to their amazement no such rise occurred. American wheat, grown on lands of illimitable extent, needing no enrichment for many years to come, on soil so deep that not a stone could be found to throw at a wild beast, poured

into English markets at a price no higher than the English farmers'. Here, indeed, was a new situation. For a time the landlord refused to see it, and the farmer struggled in vain against a rent it was no longer possible to pay. And he had only just been forced to pay his labourers more, too. What was to be done? Unfortunately, our system of land tenure compelled him to economise in the one place where it was possible, and where it was most disastrous; he cut down his labour power and "so began the starvation of English land."[1] He had some excuse; a succession of bad seasons culminated in the summer of 1879, when 3,000,000 sheep were lost by rot, and in 1880–1 came one of the severest winters known. By 1881, 5,000,000 sheep had perished, and foot-and-mouth disease and pleuro-pneumonia duly reappeared among the cattle.

English agriculture was faced with an entirely new problem, which at first concerned mainly the corn lands. No amount of high farming could force our land to produce corn as cheaply per bushel as America could deliver it across the sea. An English acre might produce double that of one in Illinois, but it did so at a cost of manure and labour that was prohibitive, even with the expense of 5,000 miles of transit on the other side. Once the situation was grasped the conversion of corn land to meadows or to market gardening went on apace, though in the transition much land went out of cultivation altogether, and reverted to rough pasture. Between 1880 and 1884 the rents of England dropped some five and a half millions. It was time, though alone it was not enough. For some years land that could not pay under grain could make a profit on stock; the low price of grain that was ruining one farmer at least kept down the expenses of the other who bred stock. But not for long. Meat from America and Canada began to appear in the English markets by 1885, followed after 1890 by frozen mutton from New Zealand, and chilled beef from Argentina; imports of cheese, butter and wool increased as well. For if English farmers and landlords could not change their methods to meet the new conditions of a world market, other nations could and did. "Whilst the changing world conditions in cereal farming made the Dane alter his land system, educate its farmers and farmers' sons in every phase of agricultural

[1] Hasbach, "History of the English Agricultural Labourer," p. 291.

economy, and use co-operative methods of production, collection, and transport, our agricultural community lived under the same old land laws, the same old game laws, exacting railway rates, and an almost entire lack of agricultural schools and colleges and demonstration farms."[1]

In 1893 a Royal Commission reported on the agricultural depression. It showed that the value of produce had diminished by one-half, and while the cost of production was certainly no less—for the farmer had lost his best workers by emigration and paid the same price for inferior work—much corn land had disappeared and could not be restored. Certain farmers had, however, weathered the storm and indicated possible ways to future recovery. First, men with ample capital, with well-equipped farms, had paid their way even on heavy soils, and small occupiers employing no labour but their own had struggled through. Market gardening, fruit growing and milk producing had been proved to pay. It was on these lines that improvements were worked out in the next twelve years. Corn crops lessened, and dairying, market gardening, pasture farming, flower growing and poultry keeping took their place. On the drained fenlands of the east thousands of acres of potatoes and of bulbs replaced the waving corn, and Lincolnshire farmers became men of financial power. Fruit growing became a scientific and capitalist venture, and fenced fields of fruit trees in straight rows replaced the picturesque beauty of ancient orchards where sheep and pigs played havoc with the bark of fifty-year-old trees. With the margin of profit smaller, men began to look to details and to welcome scientific information. In dairy farming especially the improvement was marked ; stock-breeding societies and pedigree books became general, fresh breeds were evolved, and even the beginning of a scientifically pure milk production appeared. Pasture lands received as much attention as had hitherto been bestowed on arable, and new manures were studied and adopted. The use of basic slag, the refuse of iron furnaces ground to powder as fine as meal, dates from 1883.

The most remarkable advance of the period was undoubtedly in the application of science to farming. Geology and chemistry developed branches purely devoted to agriculture. New biological

[1] F. E. Green, " History of the English Agricultural Labourer," p. 102.

theories of heredity came to the aid of stock-breeders, and new strains of plants were created immune from disease or possessing desirable attributes, such as early maturity or heavier yield. Even electricity was harnessed to increasing growth. The fight against disease in animals made almost as much progress as in men, while the study of insect pests and remedies for them greatly reduced the average loss of the farmer.

The necessity of reducing the cost of production gave an impetus to the use of machinery. The chief introduction has been that of the reaper and binder, since 1880, and all the various long-established implements have been improved and made more efficient. Oil engines became an adjunct to the equipment, and wire and corrugated iron, if they did not add to the beauty, certainly increased the efficiency of many a farm. Since 1880 the milk separator has become common, though the milking machine has taken little hold in this country; it is troublesome to keep clean, and where labour is cheap, as in England, has few advantages. The extension of dairy farming is shown by the shrinking of the corn lands of England and Wales from 8,500,000 to 5,750,000 acres between 1871 and 1901, and by the increase of permanent pasture from 11,000,000 to 15,000,000 acres.

By 1906 the revolution in English farming was fairly complete, and from then to 1914 financial prosperity returned to it. It is now necessary to inquire whether this renewed vigour belonged alike to all classes of the agricultural community.

The Condition of the Labourer.—How did the lean years at the end of the nineteenth century affect the wage-earner? He had gained nothing in the "golden" years. How came he out of the time of storm? For a brief interval in 1872 the prospects of the agricultural worker had brightened. A wave of Trade Unionism had swept the country and reached even the rural labourer. Led by Joseph Arch, a labourer who was fortunate enough to own a freehold cottage, from which he could not be ejected, the labourers formed a Union with 5,000 members and sixty-four branches. The farmers were taken by surprise, and agreed to raise wages by sums ranging from 1*s.* 6*d.* to 4*s.* a week. The workers asked for 16*s.* a week and an eleven-hour day. The Union, however, was too ambitious; it set out with too many objects, loaded itself with benefit schemes insufficiently thought

out, and began agitating against the existing land laws and against tithes. When the farmers and landowners had recovered from the first shock they swiftly rallied, met strikes by lock-outs, and eventually wore down the resources of the National Union. In 1874, after distributing over £20,000 in strike pay, it was defeated, and soon after declined to a mere handful of members. Disunion among the workers hastened the end. For a time wages had risen, but they decreased again, and, as we have seen, waning prosperity was met by the farmers by cutting down the number of labourers employed. Corn lands fell to pasture, work became scarce or irregular, and, in spite of very great emigration, the demand for labour was less than the supply. By 1887 wages were back nearly as low as in 1871 and prices of most necessaries were higher ; real wages had seriously declined.

Simmons, the secretary of the Kent and Sussex Agricultural and General Labourers' Union, stated in evidence before the Commission of 1881 that it was his opinion that, of the three classes hit by agricultural depression,

> " the landlord suffers least . . . that the farmer suffers most, but that he feels his suffering less than the labourer. To the labourer it is a question really of less food ; to the farmer it is not absolutely a question of bread—it is comforts or no comforts."

Under the stress of unemployment and low wages the Union rapidly went to pieces ; in 1877 it still had 55,000 members, by 1881 these had dropped to 15,000, and in 1887 only 4,254 remained. The increased use of machinery was another factor in the decline. In 1884 the rural labourer obtained the franchise, but it was long before he learned to use it in his own interest, even if he has yet done so. For the next fifteen years, at any rate, he remained the shuttlecock of the two traditional parties—courted at election time by promises of help, never remembered after, not indeed intended to be remembered. The town worker had found the Union without the vote but a blunted weapon ; the rural worker was to prove that the vote without the Union was a useless toy.

The disappearance of the cheap labour of women and children from the fields—the latter due to the Education Acts of 1870–6—helped to lower the standard of farming, already injured by the

emigration of the best workers, for it became too costly to clean the land as had been done in the period of prosperity.

In 1890 the revival of Unionism in the towns spread to the country. The dockers' strike [1] had shown the danger to the urban workers of the mass of unorganised and potentially "black-leg" labour in the surrounding fields, and new Unions combining agricultural with general labourers were formed. The old policy of a big national centralised Union was abandoned, and small district Unions in direct touch with their executive were preferred. Friendly benefits, which had ruined the old Unions, because adopted without any actuarial basis and often on wildly generous scales, were discarded. By 1894 nine of these new agricultural Unions existed, somewhat precariously. During the same year the societies for advocating the "Single tax" [2] and for the nationalisation of the land sent their red and yellow vans into hundreds of villages, organising Unions or preaching their solution of the workers' difficulties.

In 1893 appeared another Government Report, which Hasbach summarises as follows :—

(*a*) The position of the agricultural labourer in the south had somewhat improved since 1867, though it was still unsatisfactory.

(*b*) In the north, where conditions were superior, there had been no change.

(*c*) Money wages had increased and employment was, on the whole, more regular. Wages ranged from 10*s*. in Wiltshire to 18*s*. in Lancashire and Cumberland, with 13*s*. 6*d*. as average. Harvest wages had decreased owing to use of machinery.

(*d*) Women and children's labour had greatly decreased, and with it the family income.

(*e*) The hours of work were shorter and agreements between the farmer and the worker more definite.

(*f*) The exodus from the land continued.

The great obstacle to improvement in the conditions of the agricultural labourer was his utter dependence on the farmer and his resulting subservience. The effect of a century of under-feeding and overworking was marked. In 1787 Norfolk labourers had been singled out for their energy, quickness and honesty ; in 1892 they are quoted as being particularly badly nourished and

[1] See p. 64. [2] See p. 168.

somewhat lazy. Their wages were 12*s.* a week. Their dependence on the farmer or the landlord was absolute ; living in a tied cottage,[1] often with no alternative employer, the labourer had to please his master or starve. He could keep neither his wife's nor his children's labour from the sweater ; he was forbidden often to keep pig or poultry, or to apply for an allotment, lest he be tempted to steal the food or the labour of his employer ; he dared not join a Union, for dismissal and eviction might follow. Stories humorously tragic are told by organisers, at even so late a period as the Great War, of how while apparently addressing an empty road they were listened to really by a small crowd hidden in the blacksmith's shop behind them, or spoke their message to an extended line behind a hedge, which promptly ducked to invisibility on the approach of the master. In 1903 Lieut.-Colonel Pedder could write : " Farm service is still subjugation. It yokes and goads and brutalises. Men are still dismissed if their acquaintances do not please their masters. Their wives, though under no legal obligation to do so, must still go out to field labour or ' give offence.' Opposition in politics may involve ' a march,' as they have learnt to call a compulsory flitting. The Parish Council gives the master abundant tests of submission. ' I didn't know as he was agin' her,' said a labourer of fifty-five, telling how he unadvisedly ' held up his hand ' for a lady, who was a candidate for a seat in the village parliament. ' But didn't he just give it to I afterwards ! ' Still as a slave before his lord represents the attitude of the farm hand in the presence of his employer. No sheep before her shearers was ever more dumb than the milkers and carters and ploughmen at the village meetings to which their masters may choose to summon them. They are cowed. It is to this that the race have come, whom Froissart described as ' le plus perilleux peuple qui soit au monde, et plus outrageux et orgueilleux.' Pride is dead in their souls." [2]

The temporary burst of 1890 did not last ; by 1896 Unionism among agricultural labourers seemed more dead than ever, for the depression of agriculture reached its nadir in 1896 and hope had deserted the English countryside.

[1] *I.e.*, belonging to his employer and going with the job.
[2] *Contemporary Review*, 1903.

With the new century came a new movement for the scientific investigation of poverty in all parts of the country. Charles Booth and Seebohm Rowntree were dealing with life in the towns, and other inquirers began to look to the villages. The results in two of these were typical. In a village practically belonging to the Duke of Bedford it was estimated that 34·3 per cent. of the population had not sufficient to enable them to remain in physical health ; if the working class alone was considered, the percentage was 41. The Duke of Bedford's wages were 15*s.*, those of the other farmers 12*s.* to 14*s.* Allotments were of little use, being too close to the Duke's game preserves, and leave had to be obtained to keep pigs or poultry. The other village was in Wiltshire, and had some smallholders and artisans among its inhabitants. The population, which had halved in sixty years, was 824. The average labourer's wage was 15*s.* 3½*d.*, including all allowances ; carters got as much as 16*s.* 9*d.* Twenty-eight families including 144 persons earned less than enough to maintain physical efficiency, considerably less than the cost of that supplied in workhouses. All the ordinary labourers but one came into this category. Besides this, thirty-seven other families only rose 1*s.* above this margin, below which a week or two of illness or unemployment immediately precipitated them.

In 1906 the ebbing tide of prosperity, as we have seen,[1] turned for the farmers, and there were even stirrings among the labourers. The Labour Party, recently formed, was offering a new political outlook to the worker, and Trade Unionism once more turned towards the land. A new Union arose, since called " The Eastern Counties Agricultural Labourers' and Small Holders' Union," of which the driving force was George Edwards. A salary of 13*s.* a week for the joint labours of himself and his niece, who did the clerical work, was all the new Union dare give. Later two organisers were appointed at equally inadequate payment. One of them having ventured to become a Rural District Councillor was dismissed from his daily work, and the Union, unable to pay him a salary, made a collection and gave him a hawker's basket. Such were still the difficulties only eighteen years ago.

In 1908 came the OLD AGE PENSIONS ACT ; mean and niggardly

[1] See p. 26.

as it was, it offered a haven to many a worn-out man and woman before whom loomed the dread doors of the workhouse, unless death should provide a timely escape. Five shillings a week seems little enough to give a man after fifty to sixty years' toil and privation, but it meant the difference between a place of his own by his son's or daughter's fireside and the pauper ward of a brutal Poor Law. Lest he might, however, take to luxurious living, a kindly nation deducted from the pension any private means he might possess over £31 10*s.* a year. So much for the encouragement of the great Victorian virtue of thrift. In 1911 the NATIONAL INSURANCE ACT gave the wage-earner some slight protection in case of sickness. But, with all these apparent improvements, the position of the agricultural labourer was still, relatively to other workers, far below what it had been in the eighteenth century. In 1912 R. E. Prothero wrote: "The peasant under the old system had a definite independent place in the community. He commanded respect for his skill, judgment and experience in his own industries. He was not cut off by any distinctions in ideas, tastes or habits from the classes above. On the contrary, each grade shaded almost imperceptibly into the next. To-day the intermediate classes have disappeared. Instead of the ascending scale of peasant labourer, the blacksmith, carpenter, wheelwright and carrier, the small farmer, the larger farmer, the yeoman occupying his own land, and the squire, there are in many villages only two categories —employers and employed. The gulf is wide enough. It has been broadened by the progress of a civilisation which is more and more based on the possession of money. All the employing classes have moved on and upwards in wealth, in education, in tastes, in habits, in their standard of living. Except in education, the employed alone have stood comparatively still. The sense of social inferiority which is thus fostered has impressed the labourer with the feeling that he is not regarded as a member of the community, but only as its helot. It is from this point of view that he resents, in a half-humorous, half-sullen fashion, the kindly efforts of well-meaning patrons to do him good, the restrictions imposed on his occupation of his cottage, as well as the paraphernalia of policemen, sanitary and medical inspectors, school-attendance officers, who dragoon and shepherd him into

being sober, law-abiding, clean, healthy and considerate of the future of his children. To his mind, it is all part of the treatment meted out to a being who is regarded as belonging to an inferior race." [1]

In 1913–14 came a stirring of the waters. A strike in south-west Lancashire over the area which supplied market-garden and farm produce for the towns of Liverpool, Warrington, St. Helens, Wigan, and Southport was partially successful. The workers secured a general rise of 2*s.* a week in wages, shorter hours, and 6*d.* per hour overtime. It is to be noted that they were backed by the Railwaymen and Transport Workers, and that their wages were well above the general level, for, though they worked on poor soil, damaged by the smoke and gases of a great industrial area, the competition for labour of these towns forced up its price. In both 1913 and 1914 attempts to secure a minimum wage in rural areas were made in the House. That it was needed seems evident from the records of a Herefordshire county court, where a farm labourer summoned for debt was shown to have a weekly wage of 11*s.* and a cottage, less stoppages for wet days. He had a wife and four children. The alternative remedy, proposed by certain rich folk, that the labourer could well live on oatmeal if only he would, shows that their mental outlook had changed little since the eighteenth century.

In the same year the Land Inquiry Committee published its report on the Rural Areas, some points of which may be of interest :—

(*a*) Sixty per cent. of agricultural labourers received under 18*s.* a week from all sources, between 20,000 and 30,000 had less than 16*s.*, and real wages had declined since 1907. The Committee recommended a legal minimum wage fixed by wage tribunals.

(*b*) One hundred and twenty thousand new cottages were wanted at once in rural districts, and wages should be raised so that an economic rent could be paid. It was estimated that 300,000 labourers lived in tied cottages, and the Committee proposed that it should be illegal to let cottages to a farmer to sublet.

(*c*) It was estimated that only one-sixth of the total number of cottages had a garden of ⅛ acre or more, and it was suggested

[1] Prothero, "English Farming," pp. 409–10.

that more power should be given to the Parish Councils to purchase land for allotments by compulsion.

(*d*) The Agricultural Holdings Act did not adequately compensate for the depredations of winged game, and much good land was used for purposes of sport. It was suggested that the tenant farmer should be allowed to kill and take ground game and snare and keep rabbits on his own land, and should be entitled to compensation for damage done by anyone's game, not merely that of his own landlord.

The year 1914 promised to be a notable one in rural annals. At Helion Bumpstead, in north Essex, four early-Victorian farmers objected to their men wearing Union badges and offered them the choice between leaving the Union or dismissal and eviction. This ridiculous lock-out developed quickly into a strike and attracted much public attention. The men asked for 16*s*. a week as against the existing 13*s*., £8 for harvest work of four weeks, and a weekly half-holiday; tied cottages to be held on a three months' tenancy. After nearly six months' dispute the men won 15*s*. a week, £8 for harvest, and no victimisation. This settlement was made on August 3rd.

While the North Essex farmers were of the mind expressed by one of them in the words "The men have formed the Union to rebel against their masters, and I won't have none on't," the King, with a better appreciation of the position of "masters" in the twentieth century, was recognising the Union and negotiating with its leaders. As a result, labourers on the Sandringham estate were granted 16*s*. a week and a weekly half-holiday, and cottages on a six months' tenancy. "The King's pay and the King's conditions" became the worker's cry throughout Norfolk. The demand for more leisure became insistent, and in one case the men, offered a choice between more wages or shorter hours chose the latter.

Throughout the first half of 1914 strikes and rumours of strikes filled the countryside; Wiltshire, Herefordshire, Kent and Bedfordshire were not behind Norfolk. Strikes, successful on the whole—some more some less—arose all over the country, and a big movement for the betterment of the rural worker was culminating in general action, when on August 4th Europe plunged into the abyss. The men returned to work for the old

wages and on the old conditions, save those who left at once to give their lives for the land they might not own. Once more the work was all to do again.

Depopulation of the Countryside—Housing—Increasing Dependence on Seaborne Food.—Perhaps the most striking and alarming phenomenon of the last fifty years has been the exodus from the rural areas of England. Between 1871 and 1881 over 90,000 labourers left the land, and in 1891 there were 90,000 fewer still. From 1891 to 1901 the number of agricultural labourers dropped some 160,000, though this was balanced to some extent by an increase of 56,000 nurserymen and gardeners ; in the next ten years there was a partial recovery of 35,000. But during the whole forty years the rural workers had decreased in number by some ½ per cent., while the population as a whole had risen 56 per cent. As it is usually the best and most enterprising men and women who have courage to make a move, it follows that the average efficiency of those left is lower, and the cost of production rises, especially in work where few, if any, are paid more than enough to keep them alive.

It is doubtful whether low wages were the main cause of the movement. The housing question was probably the determining factor. In 1885 a Royal Commission on Housing brought out the fact that houses for the agricultural worker could not be built to pay. On such a wage as 10*s*. to 12*s*. a week no one could pay a rent that would repay the builder. As a result houses simply were not built. In 1890 a Housing of the Working Classes Act was passed ; by 1894 eight cottages had been built. Such cottages as existed were bad, when they were not impossible. Two bedrooms were usually the maximum allowance ; one bedroom was not uncommon. A single bedroom for mother, father and seven children was not among the worst instances. One labourer in a Suffolk village summed up the conditions of his cottage thus : " You may shut the doors and windows close enough, but you can't keep the cat out." Roofs in holes, through which rain fell on the bed, holes in the walls stopped with old shirts and rags, falling ceilings and pools on the floors whenever it rained, were characteristic of many of the " cottage homes of England." Even if watertight and upright, there was often no water supply but an open ditch, and no sanitation of any kind. For a cottage

in which no decent farmer would house a cow or a pig wealthy landowners were not ashamed to exact a shilling or so per week for rent. And however bad they might be, there was nothing else to be had. Young men and women wanting to marry were driven to the towns in sheer despair. Was it any wonder that mothers with any ambition for their children urged them out of the stagnant morass? Not all landowners were indifferent to the welfare of their workers; some even overdid their benevolent care. Beautiful cottages with gardens and every amenity of life appeared on many a model estate, and everything possible was done for the tenants. But it was too often done for the tenants, and not by them. Reading-rooms, in which the papers were strictly supervised; clean cottages, where pig and poultry would spoil the sylvan beauty of the scene; public-houses that were real, well-managed inns and where politics were a barred topic—what more could the people want? Surely he was a brutal and ignorant peasant whose comment was reported: "They durn't blow their noses at Ard'nton without the bailiff's leave." The following description of a village in Wiltshire might be applied to other villages all over England:—

"His lordship is lord of the manor, sole (absentee) landowner, patron of the living, receiver of rent and tithe. Of the nearly 2,000 acres of land in the parish about 40 are glebe. The noble owner lets the rest, together with all the cottages, to two farmers. The two farmers, besides controlling the cultivation of all the land in the parish, and the tenancy of practically all the cottages, are the churchwardens and overseers of the poor and the school managers. One of them has charge of the rate-book. Nothing could well be simpler than this system of parish government. The labourer who wants to work in the parish must obtain employment on the Earl of Pembroke's land under one of the Earl of Pembroke's two farmers, who will house him in one of the Earl's cottages, deducting the rent from his weekly wages. He sends his children to the 'national' school (managed by the Earl of Pembroke's farmers) and goes on Sunday to the church, where, under the eyes of the two churchwardens (Lord Pembroke's farmers again), he 'sits under' a clergyman appointed to the parish by the Earl of Pembroke. When he gets too old to work, he must apply for Poor Law relief to the same two farmers.

If, in spite of all these arrangements for his comfort, he is still discontented with his lot, there is no building, not even a school-room, in which he can meet to take counsel with his fellows, unless he first obtains the permission of the Earl of Pembroke's farmers." [1]

His villein ancestors were hardly more enslaved than the labourer in such a village, and the villein had at any rate greater security in his home and livelihood. As late as 1894 a great ducal figure in the West of England threatened to evict all his tenants if they persisted in electing a churchwarden he disliked, though the chosen man was a Tory and a naval officer. The Duke won.

Is it remarkable that the most spirited among the young men and women sought freedom, even in the slums of the cities?

And it was not only the labourer who drifted away: the artisan was being squeezed out by machinery and machine-made tools; the wheelwright, the carpenter and the blacksmith, the makers of rakes, brooms and hurdles, all found their crafts superseded by factory-made articles. And with the better-class worker went the gaiety, the colour, and the life from the village. The old country customs were dying—there was none left with energy and leisure to keep them going or find new ones. The utter dullness of village life became more than the young could stand.

One aspect of the depopulation of the rural areas that alarmed many was our growing dependence on seaborne food. There were some far-sighted enough to be aware that, while on the one hand we were taking no care to preserve or secure peace in the world, we were at the same time drifting to a position in which an even temporarily victorious enemy could starve us to submission. Between 1871 and 1911 the value of the principal foods imported doubled, while the population had only risen 56 per cent. If world peace could be assured this was a matter of no importance, but with millions of men in arms by land and sea war was a certainty sooner or later.

State Intervention—Back to the Land.—This period in agriculture, as in other branches of industry, is marked by an increasing departure from the practice of *laisser-faire*. It had become obvious even before the depression that certain things could only be secured by the intervention of the State. In 1875 the most

[1] "Among the Agricultural Labourers with the Red Vans," 1893.

mmediate need seemed to be to secure to the tenant the full value of any improvements he might make. If the land was to be used to its fullest advantage it was certain that the farmer must be induced to put into it all the capital possible, and that he would not do this unless at the end of his lease he could claim the value of what was not yet used up. The effect, for example, of many manures lasts for years ; if the farmer gave up his tenancy before that effect was exhausted it seemed he had a fair claim for compensation. The same applied to buildings which, once built, could not be carried away. In 1875 the Government passed an AGRICULTURAL HOLDINGS ACT, which was more talk than action ; but in 1883 a more stringent law was added, and gradually by the end of our period this particular grievance of the tenant was remedied. After the REPORT OF THE 1882 COMMISSION the State bestirred itself a little. Grants in aid of local taxation equalised the burden in some degree, and measures were passed to protect farmers from adulterated foodstuffs and the competition of imitation butter and cheese. A RAILWAY AND CANAL TRAFFIC ACT tried to equalise rates of carriage on home and foreign produce. Perhaps most important of all, definite measures were taken to prevent disease among animals. The Report had chiefly concerned itself with the ills of the farmer, and thought so little of the importance of the labourer that the evidence relating to him was not published. But there were others who held that a really flourishing agricultural society must include a contented and respected labourer. It was agreed that allotments had been on the whole successful, and were so wherever proper conditions attended their working. The difficulty was to get land. A movement was started to apply to lands held by Charitable Trusts the Act of 1832, that authorised the letting as allotments land set aside for the poor in some of the Enclosure Acts. But neither the various trustees, nor on appeal the Charity Commission, were inclined to fall in with the scheme. The next step was to work for a Bill, backed first by Sir Charles Dilke and then by Mr. Jesse Collings, which in 1882 became the EXTENSION OF ALLOTMENTS ACT. It had, however, been badly mauled in the Lords, where the final decision as to the suitability of the land and the settlement of any disputes were entrusted to the Charity Commission, instead of to

the county courts, as in the original Bill. The result was that comparatively little was done, though land worth a million in income was really available. Even where allotments were secured, often the conditions attached nullified the advantages, rents were often demanded in advance, and church attendance and complete idleness on Sunday frequently imposed.

None the less there was an increasing section of the community perturbed by the state of our rural districts, and a strong movement with the cry "Back to the land" was formed. It was fed by two streams, one that wished to restore the small peasant proprietor; of this the leader had been John Stuart Mill. The other consisted of men who believed that the elimination of rent would serve the purpose. They based their theory on that of Henry George,[1] but the chief English exponent was the great scientist, Alfred Russel Wallace. Disbelieving in the economic efficiency of small properties, he advocated farms owned by the State and rented at a moderate sum. The farmer, no longer squeezed by a profit-making landlord, would be able to pay his labourers properly, while the rent of the land would be a firm basis of national finance. In 1887 another ALLOTMENTS ACT was passed. Six parliamentary electors could request the Sanitary Authority of a district to provide allotments, and it might rent or buy land for the purpose, even compulsorily. But all depended on the Sanitary Authority's good-will, and not much progress was made.

In 1889 the MINISTRY OF AGRICULTURE was created.

In 1890 a Parliamentary Committee reported on small holdings. It showed that small holdings were more productive than large ones, except for corn and sheep, owing to the greater quantity of labour put into the soil. The chief difficulty in creating small holdings was the reluctance of landlords to erect buildings, but the demand for small-rented farms was general. None the less, the Committee objected to compulsory measures for securing land for the purpose. In 1892 a SMALL HOLDINGS ACT empowered the County Council to acquire land, borrowing the necessary money, and to sell or rent it to applicants. The purchase might be spread over fifty years, and the holdings could vary from 1 to 50 acres. The creation of County Councils in

[1] See p. 168.

1888 had done nothing for the labourer, but when in 1894 Parish Councils were set up, with power to acquire land and rent it out as allotments up to 4 acres per applicant, much was hoped for, and in this department the new Councils achieved a real success. By 1907 40,000 men were holding land directly from the Parish Council, and often, by voluntary agreement with the landowner, more than 4 acres could be secured. As an illustration of what could be done in this direction the proceedings of the Parish Council of Belbroughton, in Worcestershire, may be cited. In 1895 it took a field of 18 acres and let it to thirty out-of-work nailers; later it added 16, then 109, and then 34 more acres. Out of these 177 acres 112 men obtained a livelihood as market gardeners, and employed twenty-six horses to carry their produce to Birmingham and to plough their fields. In 1919 this Parish Council controlled 500 acres.

The effects of allotments are as follows :—

(*a*) A gross increase of 25 per cent. in the produce over ordinary farm cultivation.

(*b*) Allotments hinder the fall of wages, by increasing the demand for labour and by serving as a reserve fund against unemployment.

In contrast to the practical failure of the Small Holdings Act, owing mainly to the reluctance of County Councils, composed as they are of members predominantly of the landowning class, to put the Act in force, the allotment movement may be claimed to have effected valuable changes and to have helped to stay the rural exodus. Further help was given by the State in the MARKET GARDENERS' COMPENSATION ACT of 1895, which enabled a tenant to claim compensation for improvements even if effected without the landlord's consent.

In 1896 increased care in prevention of the spread of disease was given by requiring all foreign animals to be slaughtered at the port of landing. Best perhaps of all, the State has supplied in increasing value technical education on agricultural matters. Numerous institutes of all ranks, from the University to the Cheese School, have been founded and aided by the State in all parts of the country. Training for practical and scientific farming and horticulture is now comparatively easy to get. The Board of Agriculture by free leaflets disseminates the newest scientific

discoveries, and the County Councils in agricultural areas encourage technical classes for the worker. Four Universities have departments of forestry. The gap in all this education is the labourer's child. Little or nothing is done for him, and he leaves the elementary school at the earliest possible moment, not having acquired a love for books, and with no help given him to acquire an understanding of his daily toil. Neither for his life-work nor for his leisure has the school prepared him, and not until the nation is ready to double and treble its expenditure on rural schools will the gap be filled.

Rural Problems of the Eve of the War.—There were several problems connected with rural life that awaited solution in 1914, and most of them still remained unsolved in 1924.

(*a*) Could the nation afford to allow the land of England to produce less than its possible maximum ? Continental nations with poorer soil produced far more per acre. What was the cause of our inferiority, and what the remedy ? Some blamed our land system, the semi-feudal power of the owner, the clumsy legal methods of buying and selling land ; some pointed to the ignorance and inertia of our farming class ; some believed the remedy lay in a restored peasant proprietorship and smaller farms. The Socialists boldly laid hands on the sacred ark and demanded the abolition of the landowner and of farming for profit, with the intermediate steps of nationalising the land and the imposition of a legal minimum wage. The only thing that all were agreed on was the need for reform, lest the rot that ate away the welfare of Italy 2,000 years before should ruin us also.

(*b*) The menace latent in our growing inability to feed our 45,000,000 with the produce of our own soil was evident to many. Against modern weapons of war no navy, however powerful, could guarantee, with absolute certainty, our overseas supplies. There seemed little hope of world peace ; when the storm broke, should we survive ?

(*c*) The question of nationalising the land came more and more to the fore. Many turned to history to show that in strict theory the land, once the nation's, had been stolen bit by bit by gradual repudiation of the terms under which it had been held. But the English race is sceptical of theory, and undisturbed possession for 100 years seems to most of us sufficient title. A more hopeful

attack on vested interests was made in the name of expediency. Since all investigators found that the private ownership of land was the principal hindrance to changes that were becoming more and more obviously necessary, would it not be well to get rid of it? Since, too, under the present system land often increased in value for social reasons and without any outlay of labour and capital on the part of the owner—*e.g.*, in the suburbs of great cities—would it not be more just for the nation to acquire this increment and use it for the good of all? These and other points of controversy were well to the fore in 1914.

(*d*) The importance of securing a decent standard of living for all members of the community was becoming generally recognised, and the agricultural worker's claim was of long standing. How was such a standard to be secured? The one proposal that had not so far been tried was the legally established minimum wage. This seemed to be the only possible line of advance, but it was still bitterly opposed by all the disciples of *laisser-faire*. The workers themselves wanted also shorter hours; in all industries the claim of the manual worker for more leisure was making itself heard. "What is our life if, full of care, we have no time to stand and stare?" It was the inevitable reaction from nineteenth century speeding up. The eighteenth century man might work fourteen hours a day, but he did not do it at top speed, nor without intervals of talk and dawdle. If "work while you work" was to be the rule, then the worker demanded also time to play while he played. Thus, a decent minimum wage and a legal maximum week were the points at issue in 1914.

(*e*) But wages and hours were not the only factors in a decent life, above all to the women. Housing in 1914 was already more than a burning question. Progressive men and women all over the country were trying to force the Rural District Councils to fulfil their obligations and to build cottages. It was possible then to do it without loss to the ratepayers. The Councils, made up of farmers, publicans and an occasional squire, did not want houses; they preferred tied cottages which they controlled and dismal shanties to which even the meanest and dirtiest taproom was superior. By persistence here and there something was done—a dozen cottages built where fifty were needed perhaps; but onthe whole inertia triumphed. "Leave it to private enterprise; don't

risk an increase in the rates"; the cry prevailed, but private enterprise found more profitable fields for its capital. Kingsley's description of rural homes in 1847 remained largely true in 1914.

(*f*) Lastly, the tyranny of "sport" prevailed still in many districts. In 1903 Kipling had called the pheasant the "master of many a shire"; it remained so. Valuable land, that could have produced much if cultivated, was used merely for the preservation of game, foxes still raided the farmer's henroost, and ground game played havoc with garden and allotment. This side of the question was receiving greater attention, since it was becoming more and more a point of controversy how far the name of "sport" could be attached at all to the modern slaughter of what are really tame birds. In any case, there were many who dared to challenge the claim of the amusements of the rich to take precedence of the nation's food.

CHAPTER III

OUR CHIEF INDUSTRIES

THE four great industries of modern England are cotton, wool, coal and iron. Of these only wool has a long history of importance. All through the Middle Ages it was the only occupation that came anywhere near agriculture in extent and value. Up to the end of the fourteenth century we were the great wool-exporting nation, and Flemish looms built the prosperity of the Low Countries on English raw wool. From the fifteenth century the form of our wool trade changed from raw material to unfinished cloth, but it remained the backbone of our foreign commerce. Iron we produced for our own use, but we imported a good deal; coal was used for heating, but not for manufacture or transit, and not in any case far from its source; cotton was only used in conjunction with linen or wool.

Among the striking results of the Industrial Revolution at the end of the eighteenth century were the displacement of wool by cotton and the rapid increase of the demand for iron and so for coal. But for years agriculture remained the chief occupation of the nation, in spite of enclosures and the drift to the towns. It was not till the change that came after 1870, already referred to,[1] that the balance of occupations showed a decline in rural pursuits. It was not only our new dependence on seaborne food that produced the change; there was also the fact that a large part of the nation was rapidly raising its standard of living, and consequently to many food ceased to be the chief item of expenditure. While it is true that far too many of us do not get enough to eat, it is also true that more of us are now able to satisfy other needs than mere hunger. These two factors—seaborne food and a smaller proportional demand for food of all kinds—have combined to produce a decrease in the percentage

[1] See p. 23.

of population engaged in food production, and an increase in industrial production and in distribution. The table given below shows that since 1870 there has been a rapid rise in the figures of the commercial class and a smaller but still important rise in the industrial. In the professional class there has been an increase in the worlds of knowledge and amusement; art, music, exhibitions, games, literature, scientific work and teaching, all attract and find a livelihood for an increasing section of the people, but this has been balanced by a relative decline in the clerical and legal professions. The relative positions of commerce and industry is accounted for by the growing productive efficiency of machinery, by which fewer men produce more goods, while this increased quantity of goods demands more hands for distribution. Unfortunately this does not account for all the increase; the growing number of middlemen in all trades is disquieting; goods often pass through several hands, each exacting a profit that is quite unnecessary. Thousands of people exist who merely buy to resell goods they never handle at all; many of them are social parasites performing no useful function. As industry is now organised it is difficult to get started in productive work; capital and credit on a large scale are needed: it is comparatively easy to cut into the distributing business by getting hold of some one else's.

DISTRIBUTION OF OCCUPATIONS, 1871–1911

	1871	1881	1891	1901	1911
Professional .	684,102	647,075	926,132	972,685	1,014,220
Percentage of population.	3	2·5	3·2	2·9	2·8
Domestic . .	1,633,514	1,803,810	1,900,328	1,994,917	2,121,717
Percentage of population.	7·2	7·1	6·5	6·1	5·9
Commercial .	815,424	980,128	1,399,735	1,858,454	2,214,031
Percentage of population.	3·6	3·7	4·8	5·7	6·1
Agriculture and Fishing .	1,657,138	1,383,184	1,336,045	1,152,495	1,260,476
Percentage of population.	7·3	5·2	4·6	3·5	3·4
Industrial . .	5,137,725	6,373,367	7,336,344	8,350,176	9,468,138
Percentage of population.	22·2	24·5	26·7	25·7	26·2
Total population.	22,712,266	25,974,439	29,002,325	32,527,843	36,070,492

Cotton.—The industry that best illustrates this modern tendency to the increase of middlemen is that of cotton. It offers also the most striking example of minute specialisation. The cotton industry is peculiarly the product of the Industrial Revolution. It was not until the invention of spinning machinery that a yarn could be woven strong enough to act as warp, and eighteenth century cottons had linen warp. This newness gave it a great advantage over wool or linen in the speed with which it could adopt the new inventions. Unhampered by custom or law, the early cotton-spinners, men of the greatest acuteness and energy, often sprung from the craftsman class, drove ahead the new manufacture—over the bodies of men, women and children, it is true—to the position of premier industry in the first industrial nation of the world. By 1874 all the processes had been provided with machines ; little remained to do but perfect them. Spinning, and its accessory arts of carding and roving, warp winding, weaving, finishing, bleaching and printing, were by then all performed by steam-driven machinery in large factories, and, except for an increase in ring-spinning instead of mule-spinning, there was no great mechanical development between 1874 and 1914.

The amount of machinery required for modern textile manufacture may be gauged by the following sketch of the processes involved. As soon as the raw cotton is unpacked from the bales, in which it arrives at the mill, it is passed through machines for removing grit and dirt. These are glorified wire cages, which whirl round and round and drive off the dirt by centrifugal force. Then follows a machine which is devised to drive out such cotton as is of too short staple for the kind of yarn required ; these machines are capable of minute adjustments. The cotton then goes through the modern equivalent of carding, and, as finally prepared, comes from between rollers like a fine veil of white mist, is directed to the apex of a triangle, and comes away in cream-white snake-like strands about $\frac{1}{2}$ inch in diameter. These strands are then rolled three into one and given a slight twist by another machine and wound on bobbins, which are carried off in trucks to the spinning-room. There dozens of ring-spinning or mule-spinning machines are ranged in rows and worked by overhead belts. Mule-spinning gives a perfectly round thread ; ring-

spinning flattens it slightly. From the bobbins another set of machines wind the spun yarn into hanks, which go to the dyers or bleachers if required, and on its return the yarn is wound off again on to the bobbins. For the weaving of patterned cloths these bobbins are placed on huge V-shaped frames and each thread led off, pinned and passed through its proper tooth on a machine for winding warp, and so is wrapped, each in its proper place, on a large drum. These drums are carried off to a sizing-room, where the warp is unwound, passed through a bath of size, squeezed between rollers, dried by passing over hot cylinders, and re-wound on drums. Then comes the only survival of the hand-worker, when each new warp is attached thread by thread to the end of an old one. The men and their attendant girls of fourteen or fifteen years of age work at a speed incredible to the onlooker ; but even here the machine is replacing them, for an American invention can pick up the two ends and tie them at the rate of 250 knots a minute. Finally, the warp is placed on the loom and the cloth woven ; the modern loom is automatic and stops at a broken thread.

Obviously the machinery required is large and expensive, and throughout the textile areas great machine-making businesses have arisen to supply the need. Rochdale and Keighley are important centres of this industry, which helps to restore the balance of labour required—as between men and women.

The difficulties of carrying on a complex and difficult technical process have, however, brought about two very important things. In the first place, each manufacturer has tended to confine his attention to one or two processes, so that few businesses both spin and weave, while the finishing trades of bleaching and dyeing are entirely separate. But the change has gone further than this. Most spinning firms spin only a few kinds of yarn ; they may specialise in very fine or medium or coarse " counts," but only in a few of one class. Each weaver also produces usually his special type of cloth. What is more, spinners of the same class of yarn and weavers of the same type of cloth tend to exist in the same district. Thus spinning is mostly carried on in South Lancashire and weaving in the North. Bolton is the centre for the finer yarn, Oldham for the coarser. The finer and lighter fabrics come from Preston and Chorley ; Blackburn, Darwen and

ccrington produce shirtings and cheap goods for India and China; Nelson and Colne made goods woven from dyed yarn. This attention to the technical side has prevented the manufacturer being also the distributor, to such an extent that cotton has become the paradise of the middleman.

Let us for a moment follow a bale of raw cotton in the twentieth century from the shores of Carolina to its final destination in, say, India or London. It arrives at Liverpool consigned to some broker, who has bought it from the grower or the grower's agent in America. This broker will not sell it directly to the spinner, but to another broker, who has connection with several spinning firms. Sometimes it passes two or three times in this way, but always at least once from a broker who imports to a broker who sells to the cotton-spinning public. This second broker knows exactly the kind of cotton required by his various clients and buys accordingly. Raw cotton is now so graded and marked that it can be sold without examination, though a considerable quantity is still sold by sample. When the spinner has turned his raw cotton into yarn, he sells the yarn to another broker, quite a different man, for no broker in raw cotton deals in yarn, or *vice versâ*. This broker sells to the weaver; sometimes he buys and sells outright; sometimes he merely acts as agent. The cotton market is mainly at Liverpool, the yarn market at Manchester. The weaver sells his product, most often "grey cloth," *i.e.*, unbleached cotton cloth, to a "merchant" or a "grey-cloth merchant." The word "merchant" in Manchester retains its old meaning of a *foreign* trader, though "grey-cloth merchant" may mean one who supplies the home market. The "merchant" is also known as a "shipper." Each "merchant" has his own specialised market, usually a very narrow one. He sends the grey cloth to be bleached or dyed and finished to suit the requirements of his market, and on its return he sends it to a packer to be packed for export. Packing is a skilled trade, and heavy goods are compressed under huge pressure to save cargo space. Probably, if his market is in a distant country, the merchant keeps an agent or agents there to whom the finished goods are consigned, carefully stamped with his trade mark and carrying the prestige of his name.

Such is the organisation of the most minutely subdivided industry at present existing. Its critics point to the great number

of middlemen's profits entailed and to the facility with which speculation can upset the markets, and maintain that such specialisation must increase the risks due to a drop in any particular market. Those engaged in the industry, on the other hand, hold that the middlemen's profits are balanced by the savings effected by the thorough knowledge and consequent economies possible in dealing with only one small process, that no man can both produce and market with effect, and that attempts to deal in several branches or several markets are a source of risk through insufficient knowledge. As to speculation, when ignorant it soon defeats itself, and when expert is a cause of stability rather than uncertainty. Most of the gamblings in " futures " are of the nature of " hedging " to cover undue risks.

Trusts and combines have appeared in the industry, and a good deal of it is joint stock. The conspicuous trusts are in the sewing-cotton branch, where Coats now dominate the entire output, and in the finishing trades of bleaching and dyeing.

Another aspect of the industry of some interest is the number of foreigners who have settled in Manchester to act as buying agents for their own countries. Consequently, Manchester merchants keep fewer representatives abroad than the nature of their business might suggest ; Greece, Spain, and Germany come to buy at their doors.

The chief problem facing the principal exporting industry of England is that of getting its raw material. The great source of supply is America, and she each year is using an increasing proportion of her own product ; the time may come when she will need it all. Egypt supplies a fine long-staple cotton, nearly as good as the " Sea-Island " kind of Carolina, but for the coarser yarns the shorter staple of the American mainland is our chief supply. Indian cotton is coarse and not greatly used. Developments are planned in the Soudan between the two Niles, where it is thought cotton can be grown on irrigated land, which has the advantage of a possible control of the water supply. Cotton requires much sun and plenty of water at the right time ; rain has a way of coming at the wrong. Nigeria and Uganda are also possible areas for a large cotton supply. Cotton seeds are now crushed for oil, which is used as salad oil and for making margarine, and the remnant is made into oil-cake for fodder.

More than any other industry cotton is localised ; 76 per cent. of the cotton operatives of Great Britain and Ireland and 96 per cent. of those of England live in Lancashire and a strip of North Cheshire. Their numbers were over half a million in 1901, and ranged from 41,000 in Blackburn and 29,000 in Bolton and Oldham, on through thirty-six towns to Clitheroe with 3,300. More than half are women ; only at Nelson, Colne, and Royton do the men workers slightly exceed the women. The whole area is one of the most densely populated in Europe, and, one must add, one of the dreariest. This dreary aspect is not essential to the manufacture, as German industrial towns have proved, and we may hope that the twentieth century will see Lancashire even yet a garden city, once its dwellers desire to have it so.

Wool.—Much that has been said about the cotton industry would also apply to wool, but the latter is neither so narrowly localised nor so minutely subdivided. This is due partly to its slow evolution out of a domestic industry, which cotton never was, and partly to the scattered areas that supply its raw material.

The manufacture of woollen cloth is the oldest of English industries ; in the early Middle Ages most people's clothes were spun and woven by women in their own homes, often with wool from their own sheep. The fleece was scoured, the wool separated, carded and spun at home ; every woman was a spinster. Hundreds of cottages had their looms ; all better-class housewives could weave, and ladies of rank wove more beautifully, but not less industriously, than others. Gradually as wealth increased came the demand for cloths of special fineness or colour, and the looms of Flemish gildsmen worked up English wool and returned it as the finest cloth. Edward III. made a determined effort to develop the craft of weaving in England, inviting over foreign craftsmen to teach his subjects, and by the end of the fifteenth century the main export of England was undyed cloth, not wool. During the sixteenth century there was a fresh development ; an influx of refugees from the Continent, wisely encouraged by the Government, taught English weavers the finer mysteries of their art, and English cloth began to rival the best from Continental looms. Down to the time of the Industrial Revolution it remained our premier industry. Its evolution from a domestic to a factory industry was much slower than that of cotton—partly because it

was hampered by restrictions, partly that it already existed scattered over a large area, and took, therefore, longer to concentrate. Not till after 1840 was wool carding, combing and spinning done entirely by machinery, and even in 1854 hand-looms were still at work in considerable numbers. The woollen manufacture, unlike the cotton, drew its raw material from English farms, nearly all our coarse wool being so supplied, only fine, long wools being imported from Silesia and Spain. It is since 1874 that the enormous demand for overseas raw wool has come, though its import was increasing during the previous forty years. Nowadays the bulk of our raw wool comes from the Southern Hemisphere—Australia, New Zealand, South America, and South Africa. England still produces wool—in 1912 as much as 180,000,000 lbs., all grown close to the manufacturing centres. This English wool does not fetch the price of Australian, mainly because English farmers, working on a smaller scale, cannot sort, classify and guarantee their wool, as the Australian squatter does, and they steadily refuse, by co-operation and businesslike partnerships, to do by joint action what is impossible singlehanded. Where such methods have been tried, English wool holds its own in the London market—for London, though 200 miles from the manufacturing district, is still the scene of the great wool sales, though much is now sold and bought in Sydney and other Australian ports. Science and climate have combined to produce in the Australian merino the finest wool-bearing animal known, and the businesslike methods of the Australian sheep-farmer, backed by an enlightened Government, secure to the purchaser at Sydney a certainty of choice that makes it worth while to keep agents there. On an Australian sheep-run, where bands of shearers, working with electric clipping-machines, can shear 100 sheep per day per man, the fleece is immediately separated into four parts, according to its length and fineness. Great care is taken to avoid dirt and bits of string and other foreign matter getting in, and a station with a reputation for classification commands a high price. Some big stations are beginning to scour their own wool to save the freight on dirt and oil. England no longer buys the bulk of Australian wool, for it is France and America that demand the finest wools. English manufacture is concerned mainly with the heavier and coarser woollens, and draws its

supplies largely from South Africa and South America and from home.

England has a considerable export trade in "tops," *i.e.*, wool prepared for spinning by combing. These were sent, up to 1874, to Germany, Russia, Italy, and Belgium. Yarns are both exported and imported, for Continental firms often make yarns different from ours, but of use for our cloths. The cloth merchant both exports and imports; if the former, he often, as in the cotton trade, buys cloth "in the grey" and has it dyed and finished to suit his market. There are, therefore, middlemen in wool as in cotton, but not quite so many and by no means so universally. Many manufacturers deal direct with the wholesalers, without an intermediate agent; some even have a retail trade, or carry it still further and sell their cloth made up into suits and costumes.

As to specialisation in process, there is a difference between the worsted and the woollen branches. Most woollen manufacturers undertake all the processes from raw wool to finished cloth. Worsted is rarely spun and woven by the same firm. The processes are much as they were in the Middle Ages, only with appropriate machinery for each. Sorting, scouring, carding and combing, oiling, spinning, sizing, placing the warp on the loom, weaving, dyeing and finishing, all go on with many extensions and variations. For our dyes we have had to go to Germany, where scientific research has for years been devoted to their development, and even nine years after 1914 English dyers are still unable to find adequate substitutes.

As a centre of the woollen trade Bradford takes the place that Manchester does in cotton, but it has more serious rivals, and the whole industry lacks the concentration of the Lancashire area. There still survive outlying areas, like Stroud in Gloucestershire and Bradford-on-Avon in Wiltshire, making their own specialities. There is even a little industrial town on Dartmoor that depends for its existence on a mill making coarse woollen cloths. Kidderminster still makes carpets, though not "Kidderminsters." Within the West Riding the tendency for towns to specialise shows itself as in Lancashire, but has not gone so far. Bradford makes "tops" and dyes; Huddersfield is noted for its fine cloths; Dewsbury and its neighbours for "shoddy." This last is a

cloth made from wool got from old cloth, tailors' clippings and old clothes, which are torn to pieces, cleansed and re-spun.

Coal.—Coal had been mined in England from early times and used for heating, but the workings had mostly been shallow, and often in outcrops only. The discovery in 1735 of a means of using it for iron smelting gave a great impetus to the demand for it, and deeper and more dangerous mines became common. The difficulty of carrying off the water of these deep mines was the immediate occasion for the invention of the steam-engine for pumping, which, adapted to rotatory motion, became the basis of a new era. Up to 1874 England supplied the bulk of the world's coal; after that date, though the demand for it continued and increased, the United States rapidly overtook it and reached the first place in world production. In 1905 the United States produced 350 million tons, the United Kingdom 236 million, Germany came third with 170 million, and France fourth with 35 million. In 1913, out of a total production in Great Britain of 287 million tons, some 73 million were exported. Our chief coalfields are in South Wales, the Midlands (South Lancashire, Yorkshire, Nottinghamshire, Staffordshire and Flint), Northumberland and Durham, the Forest of Dean, the Upper Bristol Avon (Radstock), and lately in Kent.

The production of coal has always been a source of anxiety to those who regard with any care the welfare of their fellows. In the early nineteenth century the condition of miners and their families was such as to be incredible, were it not so well authenticated. Ignorant, brutal, pariahs to rich and poor alike, they lived apart a life of horror. Not till after 1815 was it customary to hold inquests on miners killed in the mines; precautions against accidents were almost non-existent and the mines almost unventilated. The Report of a Commission in 1842 shocked the nation into drastic legislation, and the work of women and of children under ten was totally forbidden underground. Gradually humanity won its slow triumphs, and a code of regulations was formed that preserved the miner from the grossest of his dangers and introduced some decency into his existence. The work of Trade Unions did more, and things are far better than they were in 1850. But the condition of the mining industry is still unsatisfactory and its workers increasingly restless. In spite of develop-

ments in coal-cutting machinery, run by compressed-air engines or by electric motors, in mechanical transit underground, and considerably increased legal protection for the workers, it remains a very dangerous occupation and a badly organised industry. This is largely due to the great variation in value of the coal and the conditions of its working, together with great subdivision of property. There are altogether some 3,000 collieries and 1,500 boards of directors. Coal seams are thin or thick, rich or poor, and the return for a given expenditure of labour and capital varies greatly. Wages in any district are determined by what the poorest mine can bear; the advantages of a rich seam mostly go into the pockets of the royalty owners and the colliery companies. Besides this, the old traditions of great profits make even those colliery owners who can afford it slow to expend unremunerative capital on the welfare of the workers. Miner's nystagmus, a terrible form of eye disease, is still more prevalent than it need be owing to refusal to instal electric light in place of oil lamps. The housing in mining districts is the worst in the kingdom; thousands of houses have only two rooms, often with seven or eight inmates including several adults. It has been stated that houses condemned after the cholera epidemic of 1840 as unfit for habitation are still occupied and even grossly overcrowded. The accidents reported are still a scandal; the average death rate is over 1,000 a year, or nearly four a day, and there are on an average 517 casualties per day. The law has been strengthened to protect the men, but the number of the Inspectorate is inadequate. The chief legislation has been :—

1881. Act to facilitate the election of checkweighers,[1] which also gave power to the Home Secretary to investigate the cause of any accident, and secured to relatives of a man killed the right to attend the inquest.

1887. A great Consolidation Act, covering the Rules and Regulations for the Control of Mines up to that date. It specially strengthened the provision of periodical inspections of a mine by practical miners at the workmen's expense.

[1] Men appointed and paid by their fellows to check the weighing by the management of the amount of coal hewn, on the basis of which weight the men are paid.

1894. An Act which forbad an employer to make it a condition of employment that a certain man should not be elected as checkweigher.

1896. Act controlling the kind of explosives to be used in blasting.

1900. Act raising the minimum age of boys allowed underground from twelve to thirteen.

1908. Act limiting the shift to eight hours below ground, but allowing overtime of one hour on sixty days in the year.

1911. Another Consolidating Coal Mines Regulation Act.

The chief problems that now face the mining industry are these :—

(*a*) Shall the royalty owners be expropriated without compensation ?

(*b*) How is the present wasteful division of ownership to be remedied ? Much coal is wasted by the necessity of leaving walls between the mines of different owners.

(*c*) How is the waste due to bad management to be avoided ?

(*d*) Is it possible to reduce the number and profits of the middlemen ? There are at present 28,000 coal merchants.

(*e*) How can we obtain coal from pits that cannot be worked at a profit, and yet whose coal is needed ?

The only answer would seem to be consolidation, but whether in a gigantic coal trust or under some form of nationalisation is hotly disputed. The miners since 1914 have put forward a definite scheme of national ownership, combined with control of the industry by joint committees of workers and consumers, by which they hope to make bad pits pay for good ones, to equalise wages in the different districts and to increase the total output. At the same time they would make the possibility of decent conditions of living for the miner a first charge on the industry. So far this has been rejected by the Government, but it has received the general approval of a majority of a Royal Commission. But in 1914 the miners were only at the beginning of this campaign.

Iron.—Iron ore has been worked in Britain since the days of the Romans. For centuries it was smelted in charcoal furnaces, and the chief sources of supply were in Sussex, where the great forests of the Weald were gradually depleted for its manufacture.

As the trees disappeared and the ore became exhausted the industry moved to the Forest of Dean, in Gloucestershire, and then gradually north and east to the Midlands and westward to South Wales. In 1735 the Darbys discovered a method of coking coal so that it could replace wood-charcoal as fuel, and immediately the manufacture increased, and at the same time gave the impetus to coal mining already referred to. The last charcoal furnace in Sussex was blown out in 1827. The new textile and pumping machinery produced a great demand for iron in all its forms, and blast furnaces soon turned the pleasant lanes of Warwickshire and Staffordshire into a "black country." The advent of railways after 1830 made further demands, and the technical advance of the iron industry was rapid.

The chief advances made after Darby's invention were :—

The steam-engine was applied to drive the blast of the smelting furnaces. This enabled coal to be used for getting the carbon out of the iron and saved much labour and waste.

The Hot-blast, invented in 1828 by J. B. Nicolson, enormously reduced the amount of fuel required in the furnace, and enabled raw coal to be used instead of coke. In Scotland the production of pig-iron trebled between 1830 and 1840 as a result.

In 1840 Heath made the first improvement in steel by adding manganese to crucible steel and so making it easier to weld. This made possible the use of British ore instead of kinds specially imported.

In 1845 J. P. Budd used the waste gases of the furnaces to fire stoves which heated the blast.

After 1850 came the opening up of the Cleveland district, which had the triple advantage of an easily melted, though not rich, ore, the proximity of Durham coke (the best in the world), and of the sea for export.

From 1855 to 1870 there were very rapid developments, chiefly in the direction of substituting steel for iron in large-scale erections. In 1856 HENRY BESSEMER invented his method of making steel on a large scale ; previously it could only be made in small crucibles. By introducing air into fluid cast iron in large containers, called converters, he produced such heat as to drive out all carbon, and could then add the correct calculated amount for the kind of steel required. (Steel is iron containing a certain

definite percentage of carbon, *i.e.*, between 0·5 and 1·5.) The result of this invention was the use of steel for such things as boiler plates, railway lines, and then for ships. In 1867 SIEMENS invented a method of making steel direct from pig-iron and ore, and the process, known as the open-hearth process, is still in use.

The result of all these inventions was the rapid replacement of iron by steel. A technical writer in 1864 expresses grave doubts as to the success of steel ships, but a few years later they were superseding iron ones.

Since 1875 there has only been one invention affecting fundamentally the manufacture of steel. Both the Bessemer and the Siemens were acid processes, and so not suitable for use with phosphoric ores. The great bulk of iron ore, however, contains some phosphorus; in many kinds there is a considerable quantity. In 1878 two cousins, SIDNEY GILCHRIST THOMAS, a police-court clerk who studied metallurgy in his spare time, and PERCY CARLYLE GILCHRIST, whose profession it was, succeeded in devising a means for dealing with phosphoric ores. Their plan was to add quicklime during the process to combine with the silicon and phosphorus, and to have a basic instead of an acid lining to the converter. This lining is made of dolomite, a magnesian limestone, ground to powder and mixed with dry tar. This BASIC PROCESS was applied eventually to both the Bessemer and the Siemens inventions, and large quantities of basic steel of low carbon, called mild steel, are now produced from phosphoric ores. The basic process produces more slag than the acid process, and hence the converters are larger, being now often 15 feet high or more. The Bessemer basic process requires the presence of much phosphorus, by the oxidation of which the temperature is kept up; the Siemens basic process can deal with less phosphoric iron, since the heat here is supplied by gas ignition.

The two chief developments in modern times are on the lines of elimination of waste and the application of machinery, especially electric. The gas from the blast furnaces, which once escaped into the air and was lost, is now used in several ways. It heats the stoves through which the air blast passes to be heated before entering the furnace, it generates power by means of gas-engines and dynamos, melts steel in the steel foundry, and distils tar and

ammonia. The tar makes oil gas and carbolates for disinfecting. In 1890 no less than 5,000 tons of ammonium sulphate was collected from the ironworks of Great Britain. For a long time little use was made of the slag; some of the harder kinds were used for road metal and for making breakwaters and ballast for railways. Slag-wool was manufactured for non-conducting, non-inflammatory packing. But the great mass was thrown on to waste heaps or carried out to sea. More recently it has been made into cement or bricks or flagstones. The basic slag from steel making has found another use. Being heavily laden with phosphoric acid, it is an excellent fertiliser of the soil, if made soluble. For this purpose it is ground as fine as flour and sold to farmers to scatter on fields.

Perhaps the most unexpected thing about a large modern steel-works is the amount of machinery in use. Sheds containing gas-engines and dynamos on a scale large enough to supply power to a small town; locomotives and railway trucks running in every direction; overhead cranes with long arms and fingers picking up white-hot ingots and swinging them through space; ladles with tons of liquid steel passing to and fro on rails; rolling mills that roll out an ingot a square foot in section to a long bar a mere inch or so thick, while huge scissors and saws cut it into lengths as if it were wax; machine-worked shovels that feed great furnaces; not to mention funicular railways lifting several tons of coke and ore and limestone 100 feet in air to feed the great blast furnaces, that roar out a 20-foot flame of white-hot gases as the worker opens them to take in the new load. Hydraulic power, steam and electricity are all enlisted in the service of steel making.

On the other hand, it is interesting to note that the making of crucible steel for tools and cutlery goes on still in Sheffield by processes little altered since the days of Huntsman.

Other modern experiments are in the direction of producing steels having special properties by introducing varying quantities of chromium, nickel, manganese, tungsten, molybdenum, vanadium, etc. Steel has almost entirely replaced cast iron, but wrought iron is still made, being unsurpassed for certain purposes owing to its fibrous structure. It costs more to make than mild steel. Further developments are certain to take place as the demands of air travel increase in variety and quantity.

CHAPTER IV

ORGANISED LABOUR AND THE GROWTH OF CAPITALISM

It has been said that the world of 1874 was essentially a modern world, as those who were adult before the Great War knew modern life. But there were differences. The period round 1874 may in a sense be described as the close of one era and the birth of another; before that date the predominant capitalism had one form; from that date it begins to assume another. Before 1875 Trade Unionism was on sufferance; after that date it stood legally adult, a fully-forged weapon for the liberation of the worker. Most of the technical advances in our industries had been achieved—men began to turn their attention to problems of further organisation. Lastly, England's long start as an industrial nation was over. France had already made headway; Germany was about to enter the race; the United States was soon to challenge her in her own field of coal and iron, and to outdo her both in them and in the new product, mineral oil.

The period before 1870 saw the final triumphs of the principle of unhampered competition; after that date there arose various challenges to the system. In the first place, a new generation was arising that wished to enjoy the results of its fathers' labours rather than to pile riches on riches by continual strife. Increasingly, both for capital and labour, it was recognised that unrestricted competition brought neither "the greatest good to the greatest number," nor even a secure success to the enterprising individual. On all sides arose complaints of "cut-throat competition," of foreign "dumping" and of "blackleg" labour. The results came in the early part of the twentieth century with "Trusts" [1] on the one hand and the "closed shop" [2] on the other; both would have outraged the feelings

[1] See p. 76.

[2] The name given to the ideal condition of an industry that employs none but Trade Unionists. It has not so far been realised, except for single works.

of the men of the 'fifties and 'sixties. Before 1870 individualism was generally regarded as the only possible system; State interference was deprecated and reduced to the minimum that philanthropy would tolerate: with the next forty years came a great extension of State control. All things in 1870 must be provided, and would be provided by private enterprise, working under the law of supply and demand—this was the mid-Victorian creed; but as the century drew to a close municipalities took to providing themselves with all kinds of services—trams, water, gas, electric power, houses; collective enterprise became common.

During the forty years of our period the total wealth of the nation grew. Some suspected that with this increased wealth went increasing inequality of distribution—that the rich were getting richer and a large number of the poor benefiting not at all. As the war cloud gathered over Europe the stage was being set for a violent struggle between those who had too much and those who had too little. The bursting of the storm postponed the battle, but greatly embittered the combatants.

Trade Unionism is a product of the Industrial Revolution, though societies of the early eighteenth century have been claimed as such. The tradition of English industries had been a regulation of work and wages, first by the gilds and then by the magistrates. Both methods had fallen into disuse in many trades and districts, but when the pressure of the new strongly competitive system drove down wages the workers turned to the Government to save them by the old control. Attempts to set the law in motion on these lines failed, and finally resulted in 1813 in the total repeal of all Acts empowering magistrates to fix wages. Combinations to better their conditions were constantly formed and extensive strikes often carried on, but until 1824 all such societies came under the ban of common law and were declared illegal. Consequently Trade Unions before that date were ephemeral, weak, and easily beaten. The workers were faced not merely with common law, but even with deterrent Acts of Parliament, passed in 1799 during the panic produced by the French Revolution and known as the *Combination Laws*. Under them it was a criminal offence for even a few workmen to make a concerted request for a higher wage. They were repealed in 1824–5, but the workers were still greatly handicapped. After a sudden outburst of

energy in 1832–4, they found themselves badly beaten by falling trade and the difficulties of combination among men living on or near the starvation line. The early leaders, fired by the Utopian dreams of Robert Owen and the early Socialists, had expected a new heaven on earth produced almost in a moment, and had aroused expectations that could only lead to disappointment, so that, disgusted with the fruits of industrial agitations, the bulk of the workers turned to Chartism and remedy by Parliament. Such Trade Unions as survived into the 'forties did not officially embrace Chartism, but most of the active members were Chartists.

With the failure of Chartism in 1842, a new era begins. A fresh set of leaders arose, who saw that the journey to economic freedom for the worker must necessarily be long and that it was essential to do one thing at a time. So they concentrated on working for the removal of the chief legal and industrial disabilities. Above all they aimed at establishing the moderation and reasonableness of the workers' claims. They discouraged strikes, encouraged education, employed every legal resource to resist oppression, and created a force of full-time officials thoroughly experienced in industrial conditions and possibilities. From 1850 a new type of Trade Union appeared, the members of which were skilled workers, and which, by a process of amalgamation, aimed at enrolling all the men of the craft in the country. Such were the *Amalgamated Society of Engineers* (1851) and the *Amalgamated Society of Carpenters* (1860). They added to a strong trade policy a number of Friendly Benefits, and all branches were controlled by a powerful Central Executive. From 1860 to 1871 the whole movement was controlled by a group of men, who have been called a *Junta*, of whom William Allen, of the Engineers, and Robert Applegarth, of the Carpenters, were the chief. They were extremely cautious in industrial policy, but concentrated all their force on political reform. Their great achievement was the passing, in 1867, of the MASTER AND SERVANT ACT, by which the old injustice of making a breach of contract by the employee a criminal act, while the master was only liable to be mulcted in civil damages, was repealed. In 1871 the funds of the Trade Unions were secured by law against attack; but while the TRADE UNION ACT definitely established them as legal

bodies, the CRIMINAL LAW AMENDMENT ACT at the same time made strikes impossible by making the most peaceful picketing illegal. Four years later a great wave of Trade Unionism throughout the country forced a Conservative Government to repeal this Act, and two other Acts put the Trade Unions beyond the reach of the common law of conspiracy. It was this EMPLOYERS AND WORKMEN ACT of 1875 that established modern Trade Unionism. While the leaders of the great craft Unions were thus laying the political foundations for future work, the two great industrial Unions of the Miners and the Cotton Operatives were achieving industrial victories. In 1860 and 1872 MINES REGULATION ACTS were passed, while the cotton workers had won a great battle on piece-work rates, and in 1875 secured a 56½-hour week.

Thus by 1875 the organised workers of the country were on the crest of a wave of victory both political and industrial. Both sides of the movement then tended to rest on their oars. The great Trade Unions of skilled workers were faced with a bad drop in national prosperity, and it seemed best to husband their resources and wait till the tide flowed once more. The long struggle in the political field had turned the minds of the national leaders away from industrial action and had also induced in them a somewhat middle-class outlook and acceptance of current economic faiths. Besides, industrial problems had a way of splitting the ranks of the workers by sectional interests and so weakening their force in the political field. The one point still to be won in that field, and which alone interested the leaders of the Trade Union Congress, was the question of EMPLOYERS' LIABILITY. Since 1837 the worker injured in the course of his employment suffered from a serious disability. A passenger in a railway smash had a claim for compensation against the company; an employee, in all cases where the accident was due to a fellow-workman, had none. A signalman's error might cost the company thousands of pounds in compensation to the travellers; not a penny piece would go to the crippled guard or driver. In vain did the Unions get Employers' Liability Bills introduced year after year; not till 1880 was the duty of a company in the matter even partially recognised. Then the number of railway accidents to employees fell from 1 in 75 to 1 in 195. But, by a judge's

decision, employers and workmen could contract out by mutual agreement, and the battle had to be fought again. Finally, in 1896, by the WORKMEN'S COMPENSATION ACT, compensation was compulsory in all cases, whether due to the employer's fault or not.

But if the recognised leaders were failing to lead, there was plenty of unrest among the rank and file. Throughout the 'eighties new ideas were pressing on the public on all sides. While the leaders still clung to *laisser-faire* and the dismal science, the rank and file were being permeated by Socialist ideas. In 1880 Henry George had published "Progress and Poverty,"[1] and the idea of rent as a cheating of the worker spread through the land. This theory fell easily into line with the more properly Socialist ideas of Karl Marx,[2] which, after 1881, were eagerly spread by the Socialist Party. For, whatever the value of such theories, the facts were before the worker's eyes. Obviously his chances of rising above a mere subsistence wage into mastership and money-making were yearly becoming less. Equally surely the unskilled labourer was sinking in greater numbers even below the line of that subsistence. Only the disciples of Marx offered him any reasonable explanation of these facts; they alone indicated a path out of the morass. According to them, industry managed for private profit necessarily entailed these evils; industry organised for public needs could alone abolish them. So said Hyndman and Morris and others, and those who believed them increased in numbers. The facts, too, were increasingly shocking as they became known. In 1886 Charles Booth, a great merchant and shipowner, started a statistical inquiry, the disclosures of which horrified the nation. Instead of refuting the allegations of the Socialist and the "agitator" as to the misery of the less skilled workers, it proved them true. "In the wealthiest and most productive city in the world, Charles Booth, after an exhaustive census, was driven to the conclusion that a million and a quarter persons fell habitually below his 'poverty line.' Thirty-two per cent. of the whole population of London were found to be living in a state of chronic poverty . . . incompatible with physical health and industrial efficiency."[3]

[1] See p. 168.
[2] See p. 162.
[3] Webb, "History of Trade Unionism," p. 381.

In 1888 the Committee on Sweating proved conclusively that neither Trade Unions nor a democratic franchise, nor Free Trade, had solved the industrial problem. The worker was still at the mercy of commercial gamblers and the slum landlord. Since neither political power nor organised union availed, the workmen turned increasingly towards Socialism. In 1886 a fruitless prosecution of the leaders—Hyndman, Burns, Champion, and Williams—for sedition gave advertisement to the movement and in 1887 an attempt by the police to prohibit meetings led to a riot in Trafalgar Square and the imprisonment of John Burns and Cunninghame Graham.

But Socialism was not only capturing the unskilled labourer, for whom " scientific unionism " did so little—it lured also the younger men within the skilled Unions. In the Trade Union Congress itself, as early as 1879, Adam Weiler, a friend of Marx, had moved a resolution in favour of Land Nationalisation, and in 1888 he carried it in the teeth of the Executive. He also led a movement for an eight-hour day. Again, in spite of the leaders' non-progressive attitude over the International Congress of Workers, they were forced to call one in London in 1888, and a majority of the delegates chosen held Socialist views. Among them were John Burns, Tom Mann, Keir Hardie, and Mrs. Besant. But for a foolish personal attack on the old leaders, which rallied to these the sympathies of many, the Trade Union Congress would probably have renewed its life with Socialist fire. As it was, the fresh impetus came from outside.

In July, 1888, the treatment of girls in the match trade roused the indignation of Mrs. Besant, and a fiery article by her inspired the girls to revolt. With no funds and no organisation, 672 of them came out on strike, but public opinion was excited by strenuous effort ; £400 was subscribed, and after a fortnight the employers were shamed by public obloquy into making some concessions. This was a new thing—the girls had won, not by their strength, but by their weakness ; if public sympathy could be gained, there was hope for the most oppressed. At the moment Burns, Mann, Tillett and William Thorne were organising the gasworkers, and in August, 1889, these suddenly demanded a reduction of hours from twelve to eight. The directors gave way and conceded the demand without a struggle. The gain has

remained to this day, with the exception of the South Metropolitan Gas Company, who a few months later forced their workers back to the twelve-hour shift, and by bribing them with a profit-sharing scheme broke up the Union.

Almost at the same moment as the Gasworkers, the Dock Labourers broke out in a demand for 6*d.* an hour, the abolition of sub-contract and piece-work, extra pay for overtime, and a minimum spell of four hours. In three days 10,000 labourers left work, the powerful Unions of the Stevedores (more skilled workmen) joined, and for four weeks the traffic of the world's biggest port ceased. Public sympathy was roused and a subscription of £48,736 gave Burns the funds, not only for strike pay to the Unionists, but to the loafers who might have replaced them. Such pressure was too much for the dock directors, and the men's demands were almost entirely conceded. Australian workers had contributed £30,000.

The immediate result of these three strikes was the enrolment of large numbers of unskilled workers in Unions, while the ranks of already organised labour increased by 200,000. The triumph of the new movement came in 1890, when the Trade Union Congress supported the Eight Hours Bill and passed sixty other resolutions, of which forty-five were Socialist in tendency and called for State interference.

Meanwhile, the form of English Socialism was changing. The Fabian Society was founded in 1883, and the leaders were leaving Marx and advocating constitutional collectivism. A determined effort was made to permeate local government bodies and to advocate municipal enterprises for the use of the people. There is a marked contrast between the old Socialism of 1833–4 and the new. Then the path of constitutional reform was blocked by an oligarchic Government, both in the towns and in Parliament. In 1890 it was possible to use a new democratic organisation for the establishment of Socialist ideas; political pressure took the place of Utopian schemes.

The startling success of 1890 could hardly be permanent. By 1892 trade was declining, and many of the gains of the good years had to be given up. But the permanent results were not small. They lay chiefly in the new spirit that had arisen. Trade Unionism no longer confined itself to a selfish exclusiveness.

The aristocratic Unions of skilled workers either threw open their doors to the unskilled of their industry or busied themselves in helping them to organise separately. Specially striking was the change towards women. Their Unions were no longer snubbed, but welcomed to Congress, and in some cases even the men's Unions were thrown open to them. The increased feeling of solidarity led to better international relations—the horizon was widening.

Let us for a moment survey the scene in 1892. Among the skilled workers the Cotton Spinners were enrolled in Unions almost to a man, as were the Boilermakers in the iron shipbuilding ports. Eighty per cent. of the Miners were organised, and among the Dublin Coopers, the Midland Flint-glass Makers, the Nottingham Lace Makers and the Yorkshire Glass-bottle Workers non-unionism had ceased to be. While this was the state of affairs at one end, at the other organisation was at its earliest beginnings. Labourers of all kinds were almost untouched ; out of 200,000 Railway Workers only 48,000 were in Unions, these mostly guards and drivers. Tramway and Omnibus Workers, Warehousemen and Porters were still without defence. But from 1892 to 1910 there was steady growth, and after 1910 a great increase, which extended to new trades and to women.

Since 1875 there had been considerable change in the relative predominance of the industries. This was due to the growth of the new Unions rather than to the decline of the old. The Cotton Operatives became absorbed in the technicalities of their own trade and took less interest in general labour questions. In 1893 they secured, after a twenty weeks' strike, the *Brooklands Agreement* regulating their pay, and in 1908 a fresh one advantageous to the operatives. They are a powerful Union and one very valuable to the general movement, because they have successfully stood for equal piece rates to men and women, and a standard wage rate not to be lowered by any excuse of inferior workers or machines. They also desire the greatest improvement in machinery provided their standard of life is not thereby depressed. The Building Trades, once foremost in the Trade Union world, have lost that position, partly owing to decline in the numbers engaged in the trade (actually less in 1911 than in 1901), partly from sectional disputes. The latter cause has held back the

Engineering and Metal Unions, while the Boilermakers and Shipwrights by amalgamation and the adoption of a uniform national policy have increased in numbers and strength. The Steel Smelters, established in 1886 and most efficiently led, have gone steadily forward.

The older Unions have been replaced in the front ranks by the rapidly rising Miners and Railwaymen, who, with the Transport Workers, could, if they would, dominate the Labour movement. To them must be added the Unions of General Workers, whose progress since 1890 has been remarkable, so that in 1920 they formed 30 per cent. of the whole Trade Union membership, and were contributing notable leaders to Labour. The women workers, too, of whom 100,000 were organised in 1890, had doubled their numbers by 1907. The National Insurance Act, 1911, by allowing Trade Unions to administer the insurance funds, gave an impetus to the formation of new and the enlargement of old ones—*e.g.*, the Workers' Union between 1911 and 1913 rose from 5,000 to 91,000.

Other tendencies of the time have been the growth of "industrial federation," whereby the policy of the whole industry can be unified and controlled, and the increase of Unions among the brain workers. An example of the first was the National Transport Federation, which in 1911 won the great Dockers' Strike, though it proved not strong enough to prevent the employers breaking their agreement the following year. In 1914 the Triple Industrial Alliance of Miners, Railwaymen and Transport Workers was formed—a failure eventually, but a significant beginning. Among the workers by brain we may note the Association of Shop Assistants, which developed rapidly after 1912, and the Railway Clerks, established 1897, who in 1914 numbered 30,000 (it includes Inspectors and Stationmasters). There is a Bank Officers' Guild and a Guild of Law Court Officials. The National Union of Teachers, established 1890, has over 100,000 members, and even the professional organisations of Secondary and University Teachers have been more and more forced into the Trade Union policy of maintaining a standard of life. Societies with purely Trade Union aims have arisen among doctors, actors, and journalists. Most numerous of all are the Unions of the employees of the national and local Governments,

though police and prison officials are, as yet, denied the right to join a Trade Union.

Something must be told of the story of the Miners and the Railwaymen, though more than an outline is impossible. During the 'eighties there was a movement among the numerous district associations of miners to federate, and in 1888 the Miners' Federation of Great Britain was formed. It was small in numbers, but possessed of great driving force. In 1893 they won a practical recognition of a minimum wage, and in 1908, when the Northumberland and Durham Union came in and the Federation rose to 600,000 members, they carried an Eight Hours Bill and in 1911 improvements in Mine Regulation. The great strike of 1912, led by Robert Smillie, of nearly a million miners lasted over a month and was closed by a Government compromise. The point at issue was the inequality of piece-work payments due to the varying ease or difficulty of the hewer's work, according to to the sort of place he had to work in. The miners wanted the assurance of a daily minimum wage, however bad the place was, and consequently however little coal was won. The Government passed an Act giving district, not national, minima, these to be decided by district committees of owners and workmen. It pleased neither party, but the Federation agreed to give it a trial, and found that something had been gained. The claim of the Miners' Federation is for a unifying of the industry, so that rich mines pay for poor ones, and that the miner's wage shall be based not on what the poorest mine can afford, which plan gives an undue profit to the rich mines, but on what the industry as a whole can provide. The owners still refuse to deal with the Federation on any national basis, so the Miners demand that the State shall own the mines as a single unit. The point is still at issue.

The Railwaymen's story holds points of wider and more general interest, for it was they who bore the brunt of the *Taff Vale Decision* and the *Osborne Judgment*. The growth of unionism among the railway employees was slow. No lasting Trade Union was established till 1871, and in 1892 not one in seven of the men were in any Union at all. In 1890 the Amalgamated Society of Railway Servants tried to get up a campaign for shorter hours, without much effect, though a Select Committee of the House of Commons in 1891–2 showed up the scandal and the

Board of Trade was given powers to remedy it, of which it made no use. Nine years later they did inquire how often men worked for more than twelve hours at a stretch (sixteen was not unknown). The Railway Directors denied the men's right to combine, and in 1896 the L. & N. W. R. tried to dismiss men who had joined the Union. This gave an impetus to the Amalgamated Society, and a simultaneous demand was made on all the Companies for improvements for all grades of workers. The men asked for a ten-hour day, overtime pay, and an increase in wages of 2*s*. a week. The Directors of all the Companies except the N. E. R. refused even to consider the request. It took nearly ten years of steady organising work before they got a hearing.

Meanwhile a spasmodic strike on the Taff Vale Railway in South Wales had created a crisis. The Society endorsed the strike and the Railway Company sued it for loss caused by the alleged unlawful acts of its officers in picketing. To the utter amazement of all concerned, and apparently in direct contradiction of the Trade Union Acts of 1871–6, the judges in 1902 declared the Union responsible as if it were a corporate body. This decision cost the Railwaymen £23,000 and the South Wales Miners £50,000, and practically made all strikes impossible. It is noteworthy that no English employers took advantage of the decision; that the Welsh did so may go some way to account for the present bitterness in Welsh labour disputes. Four years' agitation was necessary to secure, by the TRADE DISPUTES ACT of 1906, the return to the position of 1876. Actually the workers secured more, and Trade Unions now occupy a privileged position of immunity.

In 1907 the Railwaymen took up their demands of 1896, and the Companies steadily refused to recognise the Union. A national strike was imminent when the Government interfered and persuaded both sides to accept an elaborate scheme of Conciliation Boards. Though the Boards proved far from satisfactory, this did represent a move forward for the Union. The Companies were forced to recognise and deal with it, in practice if not in theory. The men set to work to use the Boards to improve their position, and truly there was need. For a statistical inquiry showed that 38 per cent. of the men received 20*s*. a week or under and 49·8 per cent. between 21*s*. and 30*s*., while the hours were

atrocious. Progress was very slow; the Companies developed every kind of obstructionist tactics, and even evasion. Meanwhile the Union's energies were being largely taken up by the *Osborne Case*,[1] and not till 1911 was it free to make a strong stand for better conditions. A strike was declared, 200,000 men stopped work, and the Government replied by an overwhelming display of force. The men held out, and at last the Cabinet forced the Companies to let their managers meet the men's representatives and terms were made—viz., reinstatement of all strikers, immediate consideration of all grievances by the Conciliation Boards, and a Royal Commission to inquire into them. In 1912 the threat of another strike forced the Companies to agree to modifications in the Conciliation Boards.

In 1913 the four principal Unions of manual railway workers amalgamated as the National Union of Railwaymen. This " New Model " aims at including all the workers in the industry. It has an elaborate constitution on district bases and vests a great deal of power in the Central Executive. In 1914 they began to demand Nationalisation of the Railways, together with control by the workers.

The OSBORNE JUDGMENT, referred to above, calls for a little more explanation. In 1908 Osborne, a member of the Amalgamated Society of Railway Servants, financed by interested parties, disputed at law the right of the Society to use any of its funds for political purposes; the action was carried through to the House of Lords and Osborne won. The decision (1909) of a majority of the Law Lords made it illegal for a Trade Union, even by *unanimous* desire of all its members, to devote any of its money to political purposes. Further still, they declared, the Union could not legally do anything that was not *specifically mentioned* in the Act of 1876. This cut out all educational work, all participation in municipal administration, all association for common purposes, such as Trades Councils; and even the Trade Union Congress became illegal. The Unions were thrown back on pure collective bargaining and the strike. We may note that Lord James of Hereford, who had had a hand in passing the Act of 1876, dissented from this part of the judgment. It took four years to get this decision set aside by Parliament, though the

See below.

discontent was so great that the Government was forced in 1911 to bring in a Bill for payment of Members of Parliament to the extent of £400 a year, to relieve themselves of the charge that our democracy was a myth, since working men could not enter Parliament now the Trade Unions were prevented from paying them a salary. In 1913 a Trade Union Act was passed authorising a majority of the members to include in their objects any lawful purpose whatever and to spend money on it. A clause enacted that payments for a political purpose must be made out of a special political fund, and any member could claim exemption from payment of that special part of his subscription. This clause also covers money spent on supporting a newspaper if its object is political.

TRADES COUNCILS have increased since 1890, and their local influence is considerable. Their political work is also growing. They form a link between the Labour Party and the Co-operatives.

The TRADE UNION CONGRESS has hardly advanced with the times. In 1894 the Parliamentary Committee revised the standing orders in the direction of narrowness, excluded the Trades Councils, made obligatory the "vote by card," and expelled all members except salaried officials or men actually working at their craft. Politically the Labour Party has replaced it; industrially it does little.

THE LABOUR PARTY.—This is an outcome of Trade Unionism, and so fitly comes in here. As early as 1887 Keir Hardie urged the formation of a separate political party distinct from the Liberals, but he made no impression on the Trade Union Congress. Hardie himself fought Mid-Lanark in that year as an Independent and polled 619 votes. In 1892 he was returned for West Ham, the first independent Labour Member, though fourteen other working men sat, chiefly as Liberals. In 1893 Hardie founded the Independent Labour Party, which in 1895 put up twenty-eight candidates, all unsuccessful. In 1899 the rank and file of the Trade Union Congress forced the Parliamentary Committee to appoint a Committee jointly with the Independent Labour Party, the Fabian Society, and the Social Democratic Federation to draw up a scheme for increasing the number of Labour M.P.'s. The Committee formed a Labour

Representation Committee, of which Ramsay MacDonald was secretary. By 1904 it had returned three members to the House. In the General Election of 1906 fifty Labour Candidates took the field and twenty-nine were successful; these promptly formed a Labour Party. By 1913 it had a membership of nearly two millions; the miner M.P.'s had left the Liberals and joined it in 1910.

The Evolution of Capitalism.—For a few centuries after the break up of the Roman Empire the capitalist almost vanished from Northern Europe. In England he may be said not to have reappeared till the fourteenth century. In that century we find merchants selling from their own looms as many as 1,000 cloths a year, obviously not entirely the work of their own hands. We also find English merchants financing Edward III. in his French wars, after his repudiation of his debts to the Florentine Bardi had put an end to his Continental borrowings. In the fifteenth century the number of rich men setting others to work, though still small, was increasing. Richard Whittington was not a myth, whatever may be said of his cat, and William Canynge, merchant of Bristol, entertained Edward IV. in more than regal style. These men, however, were excrescences on the mediæval system and quite as incompatible with any effective gild system as they were with a truly feudal one. But the sixteenth century was different; it was an age of brilliant individuals, an age when the horizon of the world lifted and offered unlimited possibilities to the adventurous. The increase of capitalists was rapid. They are most evident in history among merchants, but they were quite as numerous in industry, especially in the great wool manufacture; the Lavenhams of Suffolk could marry into the peerage. The peerage itself was recruited from the city by Tudor sovereigns, who, indeed, were themselves by no means free from bourgeois blood. The great merchant companies of the days of Elizabeth and James were groups of capitalists trading under very strict regulations and aiming at holding a monopoly of their own particular trade. Throughout the seventeenth and eighteenth centuries the system grew slowly, but could never be dominant so long as the bulk of the nation were landowners and the industries simply hand industries. In the towns the capitalist oligarchies obtained control; in the countryside a strong landowning

aristocracy and a sturdy peasantry successfully withstood them.

With the enclosures and the resulting depopulation of the rural areas, synchronising with the change to machine and consequently factory industry, the power of the capitalist grew rapidly. In the first place, it was easy in those early days to become a capitalist ; most of the early makers of fortunes were men sprung from the ranks of the manual workers. They could begin with one or two spinning-frames turned by water in a ramshackle shed, and, provided they were prepared to live hardly and to spare neither themselves nor the wretched children they exploited, could create large manufacturing businesses in a few years. By 1840 the balance of power had shifted from the land to trade and industry, and as between the two last was tending to dip in favour of the latter. Manchester threatened to dominate London.

The businesses of the early nineteenth century were small, usually run by one man who was both capitalist and *entrepreneur*. He supplied capital and brains as well as unlimited hard work. Joint-stock companies with idle shareholders were almost unknown, and indeed, until the passing of the *Limited Liability Act* in 1855, were too risky for average people. This accounts for the very strong feeling of the time, not yet entirely disposed of, that the capitalist was the keystone of the whole structure, and as such it was necessary to ensure him ample reward. After 1850 the size of businesses grew rapidly ; between the years 1856 and 1885, while the number of factories did not rise 20 per cent., their size rose 50 per cent. and the total output doubled.

With the increasing complexity of machinery came also a shift in the proportion of capital required to be locked up in machinery compared to that required for current expenses, especially labour. This had a social effect, for where initial expense in plant is great there is no hope for the small capitalist, still less for the thrifty manual worker. The ease with which large capital could be raised for joint-stock enterprises and their comparative safety after 1855 made these eventually the typical association, and after 1870 we find even businesses run by individuals, or small groups, increasingly incorporating themselves as Limited Liability Companies. This has brought about a change in the relationship of employers and employed. There is less human contact, less

play for human feeling, both for good and evil. Large joint-stock businesses are run by salaried officials, themselves only the servants of an abstraction—the interest of the shareholders.

But the great outstanding feature of modern times is the tendency of almost all business organisations to increase in size. This tendency is stronger in some businesses than others, and we may spend a few minutes looking at the factors that influence the result. The chief are :—

(*a*) There is a saving in buying raw materials in large quantities and in marketing the manufactured article in bulk.

(*b*) The best modern machinery only pays if used on a large scale.

(*c*) There is economy in performing minor subsidiary processes within the same walls.

(*d*) Up to a certain point there is a saving in management expenses.

(*e*) There is economy of space, and consequently of rent.

(*f*) The profitable utilisation of waste is only possible on a large scale.

(*g*) A large-scale business gives greater opportunity for experiment, and, since even a small economy in a process may mean a large saving when multiplied by the figure of a large output, there is greater inducement to experiment in this direction.

(*h*) There may be economy in advertising and travelling agents.

(*i*) Large businesses have more power to obtain the sole use of patents than small ones.

(*j*) Large firms can often depress wages when they become the sole or even the largest employer of labour in the district.

(*k*) Large concerns can secure better credit facilities.

There are, however, cases where small businesses have the advantage, such as those—

(*α*) Where the raw material is irregular and troublesome to handle, or where it is costly and requires careful handling—*e.g.*, jewel-setting, first-class dressmaking, and other luxury trades. In agriculture, where soil and climate vary, personal skill still plays a big part, and the limit of effective size is soon reached in Europe.

(*β*) Where the element of art and special craft-skill is great—

e.g., the best kind of photography, clock-making, cabinet-making, saddlery, or the minor metal trades.

(γ) Repairing work is often done best by small jobbing men—*e.g.*, builders, plumbers, carpenters.

It is fairly clear that in any country and under given conditions there is a maximum size to which each class of business tends to grow if left to itself in a competitive system. Legal control or a monopoly will, of course, alter this size. In determining for any one business where this limit lies the chief factor is the limit of administrative economy.

This question of enlarging the unit of industry has been greatly affected by the rapid growth of transport facilities, which has extended markets. A market is an area within which a number of businesses compete. In the Middle Ages, except for luxuries and the one great export of wool, such markets were local and confined to a very small area. Steam transport not only extended them in distance, but also in time, since durability is a determining factor. An example of this is found in the fruit trade of Australia and the Cape, which now finds a market in Europe, and has grown with the demand of the market thus opened to it by quick transit. This extension of market, sometimes to world limits, has greatly increased competition, often, of course, in a wasteful way, and competition of the keenest kind can only be sustained by businesses with large resources. When all the little firms have retired from the battle hopeless, several big ones will be left, each struggling to best the other by cutting profits. At last the margin of profit becomes so narrow and the danger so great that some sort of arrangement is inevitable, and hence arise TRUSTS and COMBINES and CARTELS and all the varying forms of the modern attempt to get away from competition to a monopolistic control. In England this movement began a little before 1890, though as early as 1877 we find six Scottish whisky firms combining to maintain prices, and in 1884 a fixing of freights by agreement between the several firms in the China shipping trade, together with a system of rebates to merchants who used only single or allied firms for their goods. When the Mogul Line broke away and resumed competition, rates fell from 60*s.* to 25*s.* a ton. In 1890 the *Birmingham Alliance* was formed among the makers of iron bedsteads and the smaller metal trades. The members

adopted a fixed price list at which all agreed to sell. They came to terms with the Trade Unions and employed only Union labour. They got rid of rivals by underselling them wherever their market was, till these either fell out of the trade or joined the Alliance. They, too, had a system of rebates to customers. The Alliance lasted ten years, but broke eventually, owing to disloyal members and to outside competition which they failed to remove.

The chief forms of these combinations are to be found in the three great industrial nations, CARTELS in Germany, POOLS and TRUSTS in America, and COMBINES in England. Of the first the best example is that of the coal trade. The cartel is a company formed to sell the products of several firms, and its shares are held by these firms. The cartel determines the price at which the coal shall be bought from the mineowners and also that at which it shall be sold in different markets, according as there is competition or not. The cartel arranges what proportion of the total production each mining firm shall contribute. The object is to limit production and keep prices high. Where there is no competition, the cartel will raise prices; where competition is strong, the price is lowered, even to the extent of making no profit. In practice it has not been found possible to keep production down to the limit of the home market with high prices, so the extra product is turned to an export trade in which competition lowers the profits considerably, sometimes to a negative value. But as far as the home market is concerned the cartel aims at a limited product with high profit. Before 1900 there were 345 cartels in Germany.

The POOL is an agreement between manufacturers to keep up prices by limiting production, and in this it resembles the cartel, but its method is different. An expert accountant is employed: each manufacturer in the pool informs him as to the average quantity he produces; from this the accountant calculates what fraction of the entire trade of the pool each contributes, and henceforth the manufacture is confined to this fraction. If his production exceeds his assigned quantity, he pays into the pool an agreed percentage of his excess; if he has produced less than his assignment, he draws from the pool an agreed percentage of his deficit. The pool usually fixes the selling price for all

members. By this means competition is avoided and the industry tends to become stereotyped.

TRUSTS, whose home is America, may be defined as "combinations of capital which are operated as business units and which exercise a substantial control of the market."[1] They are closer combinations than cartels, and may take several forms :—

(*a*) When all or most of the stock of combining businesses is transferred to trustees with full control—*e.g.*, the Standard Oil Trust.

(*b*) When the trust purchases a controlling share in other companies—*e.g.*, the Northern Securities Company, formed to buy up a controlling share of the stock of four great railway companies and run them as one.

(*c*) When several businesses completely amalgamate—*e.g.*, two or more great shipping lines, such as the Union and Castle.

(*d*) When a company is formed for the sole purpose of buying up completely several businesses in the same or allied trades—*e.g.*, The United States Steel Corporation.

It is generally considered that if a trust controls 80 per cent. of the output of an industry it controls the market.

British COMBINES are most often amalgamations, though pools are also known. The earliest, having a definite monopoly as their object, were the Salt Union (1888) and the United Alkali Company (1891). They failed owing to foreign competition. Messrs. Coats began amalgamating in 1890, and now control practically the world market in sewing-cotton. There are two ways in which these combinations or consolidations are arranged—they may be vertical or horizontal. A horizontal combination consists of several businesses of the same kind, and usually at the same stage of manufacture, so that the market of the particular article is controlled—*e.g.*, tobacco or iron bedsteads. But the same process can go on vertically, as when a railroad buys up steel works or coal mines to supply it with its material, or a newspaper amalgamation owns paper mills, or a brewery combine buys up all the publichouses in the district. The extent of such combinations in Britain is not easily known. "What is notable among British consolidations and associations is not their rarity

[1] J. A. Hobson, "The Evolution of Capital," p. 186.

or weakness so much as their unobtrusiveness."[1] The cartel has not appeared in England, but the pool exists, as does the complete trust amalgamation. These appear in iron, steel, mining, chemical, soap and cotton industries; in railways, theatres and newspapers. The most "trusted" of all British industries is brewing, based on licences which give local monopolies. Other forms of the same thing are "honourable understandings" as to prices, output and division of business, common among retail dealers in a locality—*e.g.*, coal merchants and milkmen. Associations are also formed for controlling contract tenders, whereby the profit is shared and the lowest tender kept high. The growth of multiple shops marks the same movement, and we shall see later[2] how it dominates the world of shipping and finance. The *Report of the Committee on Trusts* gives some interesting facts as to their prevalence in Great Britain. It compiles a list, not complete, of thirty-five combinations in the iron and steel industry, and states that in the matter of iron castings used in building houses the combine controls 90 per cent. of the total industry, all the galvanised sheet iron and four-fifths of the metal bedstead firms. Two great consolidations produce most of the chemicals made in this country; the electric industries, soap, tobacco, wallpapers, salt, cement and textiles are also fields of consolidations. In the building trade 25 per cent. of the materials is subject to full control, and 33 per cent. is partially controlled. The boot and shoe trade is managed by the makers of the necessary machines, and the system makes it impossible for a manager to break away. It is true that several of our large industries are still fiercely competitive, but the Committee reports: "We are satisfied that Trade Combinations and Combines are rapidly increasing in this country, and may within no distant period exercise a paramount control over all important branches of British trade."[3]

Combinations of the kind we have been discussing naturally have all the advantages of size, and to these they add those of monopoly. The chief claimed for them are:—

(*a*) If profits are kept high, and not cut by competition, there

[1] "Report of Committee on Trusts," 1919, Cd. 9236, p. 17.
[2] See pp. 137 *et seq.*
[3] "Report of Committee on Trusts," 1919, p. 11.

is a margin that can be used to improve organisation or buy fresh plant.

(*b*) That there is a shifting of competition from price to quality, since when prices are fixed competing firms can only attract trade by improving the quality of their goods. This, of course, does not apply to complete monopolistic amalgamations, nor to pools where output is limited.

(*c*) A " trusted " industry can capture foreign markets by using its high home profits to sell abroad at little or no profit, and so drive out competitors. This is called " dumping " when the foreigner does it to us, " British enterprise " when we do it to the foreigner.

The dangers of great monopolies, on the other hand, are :—

(*a*) Loss of initiative from lack of competition as driving force.

(*b*) The difficulty of challenging a monopoly once established.

(*c*) The undue raising of prices.

(*d*) Restriction of output, which makes the world poorer than it need be.

These dangers are often declared to be small, if not imaginary ; but the Committee on Trusts probably expressed the feeling of most consumers where it reported : " We are unable to share the optimism of those representatives of associations who were of opinion that under no circumstance was there any possibility of their operations leading to excessive prices or to the detriment of the public."

What checks are there on this movement towards monopoly ? There are a few of limited effectiveness. Co-operative Societies form rivals that cannot be bought out, and in a Free Trade country foreign competition is some safeguard. Trade Unions are no help, however much they may dislike big combines as sources of capitalistic power. Indeed, they are a potential added danger, for a conspiracy of the Trust and the Trade Union against the consumer to raise wages and prices to the utmost limit might leave the victimised consumer helpless. Of proposed checks, not yet in existence, the chief are national ownership of the industry and competition by public bodies. The former would be a monopoly, but its gains would be distributed among the whole nation ; the latter, provided it was wisely managed, would

probably act effectively, if it could be kept free from "graft" and from illicit manipulation by big business.

One more result of these great combinations requires notice. Where industry falls under one unified management, it is necessary to find openings for investment of the profits made by it in some other direction, and the wider the trust the narrower the outside field. Hence, trusts are apt to bring in their train a very undesirable commercial imperialism. The financial class, to which fall most of the profits of big business, accumulates money that it does not want to consume, and, since the home market is not thereby increased and the need for fresh capital does not arise there, looks abroad for opportunities of investment. The story of South Africa since 1885 is one of the best instances of this result.

Lastly, we must note the growth of international combinations. These usually agree that each contracting party shall keep its home market and share the foreign ones between them. There were, before 1914, such international associations of Steel Rail Makers (Germany, Belgium, Great Britain, France, America, Spain), which worked badly for Great Britain; of Aniline Oil Producers (England and Germany); of Glass Bottle Makers (the United Kingdom, Germany, Austria, Holland, Norway, Sweden and Denmark), which secured the British markets to British firms. The story of the British-American Tobacco Company, which is said to control the markets of the world, is perhaps worth telling in detail. By 1901 the American Tobacco Company dominated the industry of manufactured tobacco in the United States, and had a large export trade in cigarettes. To challenge the market of Great Britain the American combine bought at a cost of £1,000,000 the firm of Ogden's, Limited. To fight the American invaders the English manufacturing firms, the chief of which was W. D. and H. O. Wills, formed the Imperial Tobacco Company, and for a year a war of cut-throat competition was waged between the two combines. Each finding victory impossible, they decided to combine forces and formed a company, of which the Americans held two-thirds and the British one-third of the stock. This company was to exploit the markets of the world, while the original companies kept their home markets of the United States and the United Kingdom. The new company, called the British-American Tobacco Company, thereupon set

out to gain a monopoly of all other markets, and have largely succeeded. There is practically no competition left in the tobacco trade, and the consumer must pay the price fixed by the Trust or go without.

Co-operation.—It will perhaps be well to give some account of the growth of co-operation among consumers, since many rely on this to fight the great combines that threaten the world. Modern co-operative stores date from 1844, when the " Rochdale Pioneers " opened a store in Toad Lane to supply themselves with clothes, food, etc. From this initial venture and on its model have come the numerous " Co-ops." of our provincial towns, especially prosperous in the North. The principle is to supply members with goods they need at nearly cost price—this is done by charging current prices, but at the end of the year distributing profits proportionally to all members according to the amount of their buying. This sharing out of profits has a double purpose, for not only does it result in goods being secured at cost price, but it is indirectly a sort of forced saving, and the dividend plays a large part in the Christmas finances of many households.

Naturally it was discovered that further savings could be secured by Co-operative Societies producing their own goods, and in 1863 the Co-operative Wholesale Society was formed. Its shareholders are not individuals, but the retail Co-operative Societies, and it acts partly as a merchant buying for them on a large scale, and so saving money, and partly as manufacturer of goods for them. The first productive establishment was the Crumpsall Biscuit Works, started in 1873, and the C.W.S. now has factories in such widely separated places as Denmark and Australia. It has also become a banking and insurance concern. By 1906 British retail Co-operative Stores had a capital of £27,000,000 and had given £83,000 to various education projects.

CHAPTER V

STATE CONTROL, FACTORY LEGISLATION AND THE POOR LAW

THE first **Factory Act** that had any effect in mitigating the evils brought about by the rapid changes of the Industrial Revolution was passed in 1833. Up till then no effective provision had been made for securing that the restraining legislation should be carried out, but in 1833 Government inspectors for that purpose were appointed, and in the next forty years much was achieved in mitigating the evils under which women and children worked; though nothing was directly done for men, they secured shorter hours indirectly, since without the women and children many of the works had to close. The man to whom most of the legislation was due was Lord Ashley, afterwards Earl of Shaftesbury, who devoted his life to the cause.

Indirectly the regulation of factory life brought about universal education, for when Victorian England ordered that its working children should attend school at least part time, it discovered there were almost no schools to attend. In 1842 the Report of the Commission of the Employment of Women and Children in Mines and Collieries caused such consternation that their employment underground was absolutely forbidden. It is true "children" did not yet include boys over ten.

In 1844 came the first Act to protect women in factories; that of 1833 was concerned only with children and young persons under eighteen. Its aim was chiefly to secure the carrying out of the law by strengthening the position of the inspectorate. It also inaugurated the "half-time" system, by which children must attend school part time. The age for entering a factory was, however, reduced from nine to eight.

In 1847 came a TEN HOURS ACT (actually ten and a half for women), but it was largely evaded till 1850, when further legislation procured its general observance.

A Commission of 1861, sitting for five years, brought to light

many evils, such as those of the pottery and match trades, where lead poisoning and "phossy-jaw" took terrible toll of human life. In 1864 the first attempt was made to deal with a home industry, and in 1867 the control of this kind of work was greatly extended by the WORKSHOPS REGULATION ACT. In 1874 the ten and a half hours were reduced to ten and the age limit for children's employment raised to nine and in 1875 to ten.

By this time the Factory Code was in a condition of considerable confusion. Hours had been reduced in many industries to ten daily; children were freed from factory labour up to ten years of age. Something had been done to help the outworker and the helpless women, but the legislation had been piecemeal, often little more than a temporary expedient. In 1876 a Commission was appointed to consolidate the Factory and Workshop Acts, and this was followed by the FACTORY ACT of 1878. By this Act workshops and non-textile factories were brought under the same rules (textile factories had already secured shorter hours than others), but a certain retrograde movement in dealing with women's work was shown by the exemption from some of the more valuable regulations of women's workshops in which no children or young persons were employed. Also the regulations as to a ten-and-a-half-hour day for women in workshops were rendered useless by allowing them to be spread over the period 6 a.m. to 9 p.m.

It will be well to call attention here to the progress made in the limitation of hours during the past forty years by the action of enlightened employers. As the knowledge of hygiene developed, it became evident to thinking men that to work with tired employees was bad business as well as bad citizenship. As more and more capital was invested in fixed machinery, output per hour became a more important question, and it soon proved to be best business to work shorter hours at full speed than long ones with tired, and consequently slow and inaccurate, workers. By the end of the century many factories worked only eight hours a day, or at least forty-eight hours a week.

The progress of factory legislation after 1878 will best be followed under certain headings, showing the change in outlook of the nation. One of the most notable examples of State interference with the doctrine of *laisser-faire* was due to the increasing

dangers of industrial life. Legislation regulating DANGEROUS TRADES grows rapidly as we near the end of our period. In 1878 children and young persons were excluded from certain branches of white lead and other manufactures. This was the first effective enactment in the interest of health in such industries. After 1883 white lead factories could only exist if they complied with certain definite rules as to ventilation, lavatory accommodation, baths for women with hot and cold water, proper rooms for meals, overalls and respirators, and a sufficient supply of acidulated drink. The amount of detail deemed necessary in the regulations marks a great change from the pious but futile aspirations of early Factory Acts. In 1891 a big step forward was made in allowing the Home Office to draw up rules for any trade it deemed dangerous or injurious, and in 1895 this power was extended to men's factories, a notable change of policy. In 1901 AN ACT was passed applying the Factory Acts to any place, even a home, where a dangerous trade was carried on. From then onwards real progress was made. Since 1896 doctors had been compelled to notify to the factory inspectors all cases of certain industrial diseases—*e.g.*, lead, phosphorus and arsenic poisoning. This was the first fruit of the new WOMEN FACTORY INSPECTORS. Continued progress was made in tightening up the regulations as to excessive damp and dust in factories, such as in flax-carding rooms, where the average length of life was 16·8 years of work, and most workers were dead at thirty. Though china-scouring had been pilloried by the Royal Commission of 1841 for its fatal effect on the women who did it, nothing was done for fifty-seven years. In 1878 the inspectors found that the death rate among women so employed was fifteen times that of other women in the same town. In ten years, by more stringent administration as to ventilation, the mortality was reduced by one-half. Lead poisoning has been energetically followed up, for it has a way of appearing in all sorts of different industries besides pottery, such as electric accumulators, india-rubber, file-cutting, enamelling of metals or glass, tinning of hollow-ware, heading of dyed yarn; by degrees women and children were either excluded from the industries or protected by rules. A remarkable code of Pottery Regulations was enacted in 1913. The prevention of anthrax in various trades is still

engaging the attention of the inspectorate. An Act of 1908 absolutely forbad the making or selling of matches containing the terrible white phosphorus, with its horrible risks. A growing public opinion that industries that maim or kill the worker are not tolerable among civilised nations marks the beginning of the twentieth century.

A more widely spread evil has demanded the attention of the Legislature. In 1888 the Lords appointed a Commission to investigate cases of gross underpayment of the wage-earner, usually called SWEATING. The investigation showed that such system of underpayment was not socially economical or useful, but a drag on industry, forcing down the prices and so leaving the better firms no margin for development and experiment. In 1891 an Act was passed that all occupiers of factories and workshops must keep lists of their outside workers and the places where they are employed, and such lists must be open to factory and sanitary inspectors ; by a second Act in 1895 the lists must be sent to the inspectors, and after 1901 also to the District Council. These were attempts to deal with the sweaters' dens, but even as attempts they failed to touch the worst kind of underpayment, where the employees were the man's own family—this in spite of the pertinent inquiry of one Member of Parliament, why if a man chooses to employ in a workshop " his sisters and his cousins and his aunts," he should be allowed to poison them with foul air and bad drains. In 1891, 1895, and 1901 attempts were made to help the exploited worker by ordering that each employer must have in writing particulars as to the rate of wages. This is known as the " Particulars Clause." All this regulation was experimental and not very effective. In 1900 Sir Charles Dilke tried to obtain a system of Wages Boards, but failed. In 1906 an exhibition of sweated work and workers was organised by the *Daily News*, which star'led the public and produced from the Government a Select Committee to consider the matter. After two years' deliberation the Committee reported in favour of Wage Regulation, and stated that it was as legitimate to establish by law a minimum standard of wages as of sanitation or work hours. They declared that if a trade will not yield an income " sufficient to enable those who earn it to secure at any rate the necessaries of life . . . it is a parasitic trade, and it is contrary

to the general well-being that it should continue."[1] This is a big change in attitude from that of 1888, when a keen supporter of Factory Acts could wonder whether "it was or would long be possible for a manufacturing country like this to maintain its labouring population at a fair standard of decency or living without endangering the interests of its great manufacturing industries."[2] The result of the report was the WAGES BOARDS ACT of 1909. By this, in certain selected trades, equal numbers of employers and employed were appointed by the Board of Trade from names submitted to them on both sides, together with some other members not more in number than one-third of the representative ones. Women were eligible, and one woman was essential where most of the employed were women. These Boards were to fix minimum wages for the industry. Four trades were first scheduled — chain-making, box-making, lace mending and finishing, and the making of ready-made clothes. In the first of these wages were raised from 5*s.* to 11*s.* 3*d.* for a week of fifty-four hours. No evil consequences to the trade ensued. In 1913 half a dozen other trades were scheduled and Wages Boards appointed in them.

One of the most difficult trades to deal with proved to be LAUNDRIES. This industry by 1895 had only half developed from the domestic to the factory state, and great opposition was made to its regulation. In France and Germany laundries had been under the same regulations as factories for fifteen years, but insuperable difficulties were supposed to exist in England. An Act was passed in 1895 which made sixty hours a normal week, but in times of pressure this could be extended to sixty-six. To meet the supposed needs of incapable housewives much latitude was allowed, and the sixty-six hours could be compressed into five days, and might even on a single day last from 8 a.m. to 11.30 p.m. But enlightened employers, ably backed by the women factory inspectors, succeeded at last in 1907 in securing proper legislation. Laundries were put under the ordinary Factory Acts, though special overtime was still allowed. This Act also placed laundries and workshops in charitable institutions under the same regulations and inspection as others.

[1] Select Committee on Home Work, 1908, p. xiv.
[2] Lord Dunraven in the House of Lords, February 28th, 1888.

Throughout the period, but especially after 1890, Acts or Orders in Council to better the lot of WOMEN AND CHILDREN became increasingly strict. In 1891 the lowest age for child labour was raised to eleven, and regulations were made as to the employment of women before and after childbirth. These were, and still are, largely evaded, the poverty of the women driving them back to work at all risks. In 1901 an Inter-departmental Committee exposed a mass of evil employment of children in work untouched by Factory Acts, in street trading, in agriculture, and in all kinds of casual labour. They estimated that 200,000 children were so employed, 22,000 of whom were under ten, and 500 under eight. The EMPLOYMENT OF CHILDREN ACT of 1903 followed, prohibiting their employment between 9 p.m. and 6 a.m., or in any injurious occupation, or in street trading under eleven years of age, and local authorities were given powers to pass bye-laws regulating child employment.

The magnitude of the employment of children and young persons is shown by the following figures for the first decade of the twentieth century. There were in factories and workshops over 1,000,000 persons under eighteen years of age, of whom approximately 460,000 were under sixteen. Of these latter 37,000 were half-timers, and the colossal waste of this evil system went on till 1922.

One feature of labour regulation that is likely to extend in the future is the INTERNATIONAL. It is being increasingly recognised that regulations to be effective in the modern world must aim at some uniformity between nations. International Labour Conventions were called in 1890 and 1906. In 1900 an International Association for Labour Legislation was founded ; it holds biennial conferences, and does much to spread information, and to encourage all nations to come into line with the most advanced.

Factory Inspection.—The first factory inspectors were appointed in 1833, and their numbers gradually increased, and their powers rapidly. To the able work of these Civil Servants much of the improvement in the conditions of industrial life is due. From the first their quarterly reports have supplied a basis of reliable fact presented by unbiassed officials for legislators to work on. Gradually it became evident that if the law was to

accomplish anything in restraining greedy men from grossly exploiting their fellows the Acts passed must be detailed, specific and drastic. It was due to their reports that protection was extended from children to young persons, and from young persons to women, and eventually even to men. In 1844 the power of magistrates to interfere with the inspectors was removed, and the Secretary of State made all regulations under the Acts.

During the last forty years the growth of the Civil Service has been one of the most notable features of the time. Whatever may be thought about this increase in general, there is no question as to its indispensability in the administration of the Factory Acts. The staff had been increased in 1864, but the Act of 1867 tried to avoid a further enlargement by transferring the control of workshops, as distinct from factories, to the local sanitary authorities. The plan failed, largely owing to the unwillingness of the local Councils to interfere with their fellow townsmen. For many years after 1871 the inspectorate had more work than they could perform properly. In 1893 the growing power of organised labour secured the appointment of some working men as assistant inspectors, and at the same time a beginning was made in the use of women in this capacity. They were first appointed by twos and threes for special pieces of investigation, and did most valuable work. By 1914 their number had risen to twenty-one. The growing need for them is obvious from the following figures: in 1896 there were in the United Kingdom 144,000 factories and workshops, in which 1,403,568 women and girls and 2,699,917 men and boys were employed. By 1914 the number of women and girls so employed was nearly 2,000,000. For the past twenty-five years women have formed round about one-third of the factory workers.

Some of the abuses shown up by inspection may be noted; not all of them are yet ended :—

(*a*) Overwork of young growing boys and girls : *e.g.*, a child of fourteen legally employed from early morning till 11 p.m. in cleaning and preparing workrooms, running errands to match silks and ribbons, and generally doing the work of a young apprentice, cooking meals, including supper, and doing the general work of the house. The law allowed her work as an apprentice, and took no notice of her added labour as general servant.

The lifting of heavy weights by women and children was common. In tinplate works and the hollow-ware trade girls of thirteen to seventeen were found carrying weights of from 30 to 111 lbs. in the ordinary course of work. In the potteries thirteen-year-old boys carried great lumps of clay totally beyond their strength. Loads of sharp-edged tin plates weighing over 100 lbs. were carried by girls of fourteen. A boy of fourteen, who himself weighed 77 lbs., was found carrying 69 lbs. of clay to a moulder, and a boy of thirteen struggling up a steep flight of stairs with 78 lbs. After 1903 children under fourteen were protected from this particular tyranny. Girls and women suffered in the same way in many textile factories.

(*b*) The disastrous effect of systematic overtime. Such hours as the following were legal in 1912 in a fancy stationery factory : from 8 a.m. to 10 p.m. on three days a week, 8 a.m. to 8 p.m. on two days, and 8 a.m. to 4 p.m. on Saturdays. Always and continuously the inspectors fought the half-time system, now at last abolished in 1922.

(*c*) Occasional brutality. As the inspectors, and especially the women, came to be known and trusted, complaints against individual foremen or masters were more frequently made, and investigated. Usually the mere discovery by the inspector effected improvements.

(*d*) Unhealthy conditions, especially bad ventilation, undue cold or overheating. Workgirls, after a wet and snowy walk were sometimes put to work in unheated rooms, while unventilated underground rooms with engines working and artificial light burning all day would touch the other extreme of discomfort and danger.

Perhaps the best work of all done by the inspectors was the raising of the standard of the best employers and the more enlightened local authorities. Often these only needed to be told what to do, and then they did it gladly ; others required only the assurance that the same requirements would be exacted from all their rivals. This was particularly the case in questions dealing with the health and comfort of women workers. It is on record that at least one factory owner, impressed by the value of even an occasional visit from a trained observer, appointed a woman on his staff to watch permanently against abuses, and to see that

proper regulations were carried out. Even where employers had not such ideals of their responsibility, the inspectors could often shame them into decency without the need to threaten legal action.

Lastly, the reports of the inspectors on dangerous trades has led to scientific investigation as to possibilities of prevention, often with success. Such action has reduced the reported cases of lead poisoning from over 1,000 in 1900 to 230 in 1921, and made the life of the workers in fish curing more tolerable, by discovering and enforcing suitable early treatment for the sores produced by constant immersion in brine.

Poor Relief.—The care of the poor as a function of the central Government dates from 1601. During the Middle Ages the Church was responsible, and charity was universal, and a highly esteemed virtue. One-third of the tithes was regarded as due to the poor of the parish, the monasteries practised an open-handed hospitality, and the rich gave alms in the name of religion. Towards the end of that period, about the fifteenth century, some of the municipalities began to assume the duty, especially towards the sick and aged. Unemployment, in the modern sense of the existence of people willing to work for whom no profitable occupation can be found, hardly existed. There was doubtless a number of idle vagabonds who did not work, and who lived parasitically on society, but their number does not seem to have been more than society was willing to support for the good of its soul.

Towards the end of the fifteenth century came a new phenomenon ; all over Europe appeared large numbers of men for whose work there was apparently no call. The chief cause was the break-up of the feudal organisations, and the establishment of centralised Governments that refused to tolerate private war. This released a large number of men-at-arms who despised ordinary work, and were indeed unfit for it. Then soon after came a general rise in prices, due to an influx of silver from the New World, and consequently much poverty and distress. In England the situation was made much worse by the turning of arable fields to pasture to meet the new demand for wool, and the climax was reached when in 1540 the centres of charity, the monasteries, disappeared from the land. Throughout the sixteenth century

the problem, both of the impotent poor and the rogue and vagabond, troubled the paternal Tudor despotism. After many experiments, at last in 1597 and 1601 a great Code of Poor Relief was drawn up and imposed on all local authorities. Its main principles were: (i.) Maintenance for the sick and aged at the cost of the district; (ii.) Training for the orphan; (iii.) Work for those willing to work, to be found by the overseers; (iv.) Punishment of the tramp and the idler. Up to the outbreak of the Civil War this great Code seems to have been carried out, and to have effected its purpose. Its success depended on the ceaseless vigilance of the Privy Council in keeping the local authorities, *i.e.*, the Justices of the Peace and the Overseers, up to the mark. After 1660 there was more trouble; the Civil War had left the inevitable trail of unemployables, the Government was weak and corrupt, and abuses were rife. In 1662 a Law of Settlement was passed, which, whatever its intentions, had the result of preventing men from leaving a place where there was no work in search of one where there was. In 1723 the practice of the Poor Law was tightened considerably, and all through the century the condition of the pauper suffered from the general corruption of the age—he was usually at the mercy of a contractor who hired him from the overseers.

With the period of enclosures and the exploitation of the factories, the problem of the unemployed suddenly again became formidable. With the outbreak of war in 1794 the condition of the workers became desperate. A short-sighted policy, known as the Speenhamland system, was adopted, by which the poor rate was used to supplement wages. This resulted in the poor farmer, who did not employ much labour, paying part of the wages for the large farmer who employed many hands. It also demoralised both employer and employed. The employer became entirely unscrupulous in grinding down wages, knowing that, if he paid as low as 4*s*. a week, the rates would add the other 3*s*. to prevent the man starving; the employed labourer became utterly reckless, since he could never expect to earn more than a bare subsistence, and he got more for every child he recklessly brought into the world.

Thus the demoralisation of the very poor grew so great that any remedy seemed justified. Unfortunately the crisis came at

a moment when doctrines of *laisser-faire* were almost universally accepted. There was a strong school of economists who held that if no provision were made for the poor, there would soon cease to be any poor. The great thing was to make pauperism more unpleasant than work. It was difficult, since in 1830 the pauper could hardly be fed or housed worse than the labourer and yet be kept alive. So the plan of attaching what was really a penal side to the granting of relief was adopted. They called it discipline, but frankly admitted that its object was to make life in the workhouse so intolerable as to force a man to endure almost anything rather than enter it. At the same time they aimed at stopping all outdoor relief to the able bodied. On these lines the great Poor Law Act of 1834 was framed, and it is still in force. It laid down as a principle that the condition of the pauper must be " less eligible " than that of the lowest paid worker. There was probably no deliberate intention to include in these hardships the old, the sick, and the children, but the growth of general mixed workhouses prevented any real discrimination. It is impossible to combine in one establishment a disciplinary system for work-shies, a hospital, a school, and a refuge for the aged. But it satisfied the people of the Victorian era, it made poverty a crime, and it certainly lessened the poor rate. It also forced the farmer at least to pay a wage of bare subsistence. What it meant in horror and suffering to the better class poor will never be known ; some shadow of it may be seen in the writings of Dickens and others, and in the loathing and fear of the whole system throughout the land on the part of the wage-earning class.

As the Poor Law was in 1870, so it continued up to 1914, but during the last twenty years of this period no existing administration received more destructive criticism. The rapid growth of unemployment made the optimistic theories of the *laisser-faire* school impossible, the growth of humanitarian feeling produced a reaction against the " scientific " treatment of human beings in categories. The advent of women to Boards of Guardians strengthened this revolt, and all these factors combined to create a public spirit demanding reform. In 1894 the historian of the Poor Law was already complaining of the " reactionary " proposal to rescue the aged from the general mixed workhouse by the grant of small old-age pensions ; by 1908 the " reaction "

had materialised at the hands of a Liberal Government. THE OLD AGE PENSION ACT of that year secured to men and women over seventy the sum of 5*s.* a week for life. It was little enough, but it saved many an old couple from the dreaded "House," though its limitation to those whose total resources did not exceed £31 10*s.* a year was hardly an encouragement to thrift. But the aged were not the only sufferers under the law, the case of pauper children had long been a scandal, whilst attempts to "deter" the vagrant were known to have broken down consistently. In 1909 a ROYAL COMMISSION was appointed to investigate the whole administration. Its two Reports form probably a record in the detail and power of their survey of the whole matter. That of the majority which proposed reform was immediately overshadowed by the brilliance and constructive ability of the minority. This Minority Report, signed by two Labour leaders and a prospective bishop, was largely the work of the fourth signatory, Mrs. Sidney Webb. It now holds the field for the basis for all future dealings with poor relief. A large part of it consists of vivid descriptions of the present condition of Poor Law administration. There is a direct central attack on the general mixed workhouse, for, in spite of persistent efforts since 1866 of the Central Authority to secure classification and segregation, there were still, in 1909, 15,000 children living under these bad conditions, in contact with the depraved, the drunken, and the dissolute; babies in nurseries tended by feeble-minded girls or women far gone in senile decay; babies who never left the nursery, where the air and the smell were foul and sickening, for who could carry sixty infants up and down three flights of stairs to the courtyard? In spite, again, of pressure from the Central Authority, it is shown that thousands of sick and helpless men and women lie neglected, without proper medical or nursing care, in the hands of paupers or untrained and overworked nurses, and inadequately remunerated doctors.

The number of mental defectives in the ordinary wards of a general workhouse is estimated at over 60,000, many of them young and growing up without any attempt to train their limited faculties, or to help them to a possible life, they are left a nuisance to themselves and an offence to other inmates. As to the aged, three policies of relief are described, the most prevalent being

one of inadequate outdoor relief—2*s.* or 2*s.* 6*d.* a week—and if the recipient has no other resources and so cannot exist on such a sum, the general mixed workhouse is his only refuge. This is the system in nine-tenths of the Unions of England and Wales. The second policy is to refuse all outdoor relief, make the workhouse as unpleasant as possible, and see that all "deserving" cases are helped by voluntary charity. The third policy, and the one advocated by the Central Authority, of giving sufficient outdoor relief or else maintenance in comfortable quarters apart from the general workhouse, has not been adopted by many Guardians. Where adopted, the results are good. In Scotland it is general.

The Report also deals with the Law of Settlement, under which, in spite of many modifications and exemptions, some 12,000 persons are still deported annually, often against their will, from one Union to another, at a cost of not far short of £100,000 a year, for which expense "each Union succeeds in getting rid of some paupers at the cost of having others thrust upon it."

Turning to the able-bodied, the Report describes the desperate condition under present Poor Law practice of the widow with young children. Outdoor relief is usually granted her to the extent of 1*s.* or 1*s.* 6*d.* a week for each child, often nothing for herself. The condition of such children is often worse than even that of those living in the workhouse, who are fed and clothed, even if mentally and morally poisoned. Should the mother die, the children may, however, be boarded out and a payment of 4*s.* or 5*s.* a week made for them, or sent to a Poor Law school at a cost of 12*s.* to 21*s.* a week each. No Guardians pay the widow with young children enough to enable her to rear them in efficiency and decency. As to the able-bodied man, whether a temporary "unemployed" or a habitual vagrant, his treatment at the hands of the Poor Law is mainly a matter of chance, and ranges "between the two extremes of a mere pretence of work, with a good meal, a bed in a common lodging-house, and a few halfpence in money on the one hand, and on the other painful penal labour upon relief physiologically insufficient to make good the wear and tear involved."[1] Attempts at a really deterrent *régime* for all able-bodied men and women paupers, tried at Poplar in 1871, at

[1] Minority Report of Poor Law Commission, Pt. II.

Kensington in 1882, and in Birmingham in 1880, had failed, except in the sense of keeping decent men and women from applying for relief, however dire their need. The *régime* was worse than that of the prisons, and the Birmingham Report states that out of ten inmates sent to such test houses only one arrived. Those who did venture in often preferred risking prison to carrying out the tasks set, until the magistrates refused to convict. But, as the writers of the Report point out, to rid the workhouse of the able-bodied loafer is not to rid society of him; it may only make him a greater social incubus. As to the vagrant, the 638 casual wards dotted about the country are resorted to nightly by numbers varying from 7,000 to 17,000, representatives of a total army "on tramp" estimated to range with the season from 30,000 to 80,000 individuals.

In face of all these failures of the system, the writers of the Minority Report recommend a complete break-up of the whole Poor Law organisation, the abolition of any one authority dealing with "destitution," and the transference of the varied classes, who become or may become destitute, to appropriate bodies already dealing with more prosperous members of these classes. This transference has in a way already begun; in 1905 the UNEMPLOYED WORKMEN ACT created District Committees to deal with unemployment; in 1907 the medical inspection of schoolchildren, to be followed by clinics for treatment, was imposed as a duty on the Local Education Authority, and in the same year arrangements for feeding hungry children became part of the business of the same body; municipal hospitals for all kinds of infectious disease are common throughout the country, some exist for surgical and other cases, and provision is often made for tuberculosis patients, all this being possible under the Public Health Acts; vaccination is obtainable free, the free distribution of the anti-toxin for diphtheria is common, and several Public Health Authorities run cleansing stations, subscribe to dispensaries, or provide means of home nursing. It is therefore proposed that the present Poor Law Authorities should cease to exist, and their duties be transferred to the County and Borough Councils, working through their various Committees. Thus all pauper children of school age would be dealt with by the Local Education Authority under the supervision of the Board of

Education ; the care of the sick, the incapacitated, and the infant would pass to the Local Health Authorities ; the aged would become pensioners for whom the Local Pensions Committee would be responsible. For the mentally defective of every grade it is proposed to create a new Local Committee out of the existing Asylums Committee. For the most difficult problem of the able-bodied, the writers of the Report hold that only a national solution is possible, and that only a national body can hope to deal with unemployment and its causes. Such a body would have to deal with the abolition of child labour, the creation of an efficient system of Labour Exchanges, with insurance against unemployment, with emigration and immigration, and scientific statistics. It would also arrange for certain public works, such as afforestation, coast protection and land reclamation to be carried out at market prices, and in the ordinary way, but spread over long periods, and put in hand or slackened off as the fall or rise of trade increased or lessened unemployment. For any residuum of able-bodied unemployed men and women that might remain after all these schemes were in efficient working order, they recommend full maintenance, provided the recipient is willing to be trained into greater efficiency, with no stigma of pauperism attached. For widows with children there should be provided a sufficient income to rear their children in decency and health, and that a minimum standard in these matters should be demanded of them.

This Report created considerable controversy in the five years that remained, before the war temporarily solved the problem of the unemployed and their destitute wives and children, only to revive it in fiercer form two years after the Peace. The whole question of poverty and destitution is the most serious of modern times, and the next attempt to deal with it will probably be on the lines indicated above. Possibly some later generation may decide to prevent it.

CHAPTER VI

IMPERIALISM AND THE SCRAMBLE FOR MARKETS

We have seen that about 1870 England led the world as an industrial nation, and relatively to others had reached its highest point. It also held the leading position in commerce and in colonial expansion, but here its zenith was still far off.

English foreign trade, apart from the export of wool and the import of wine, reached importance first towards the end of the Middle Ages. It was carefully fostered by Henry VII. and encouraged by all the Tudors, and the Merchant Adventurers of the late fifteenth and the sixteenth centuries penetrated to all parts of Europe, with ships armed for all eventualities. From 1560 onwards they began to go farther afield and to dispute the right of Spain and Portugal to a monopoly of trade in all the new lands of the world. Throughout the seventeenth century English trade expanded, and, while the power of Spain declined, the English fought the Dutch for the carrying trade of Europe. In the eighteenth century, France and England were at death grips for the control of the markets of the East and of the West, and our colonial Empire was the prize of battle. In 1763 we held the New World from Baffin's Straits to Georgia with an unlimited western boundary, and in the East it had been settled that India was to be the spoil of England and not of France. We quickly lost the more important part of the New World, because our rulers had not vision enough to see the right path, but in another fifty years we had added another continent to our Empire and begun our adventures in Africa. Meanwhile, our trade was hampered by most of the old shackles—Navigation Acts that forced our Colonies to trade only by way of England and in English ships, duties on everything that entered the country, protection of English industries of a kind that cared nothing for the well-being of other parts of the Empire, and prevented Irish woollens and Irish cattle from competing in English markets. With the

close of the Napoleonic Wars came the fight to remove these hindrances, and in 1846 the battle was won; by 1870 English trade was free, London the exchange port of the world, and English commerce advancing in all directions.

At the same date we were the rulers of the largest colonial Empire in the world, and had made considerable progress in learning how to govern it. Canada (in 1847), Newfoundland, Australia and New Zealand (in 1855–6), had achieved responsible self-government, and by 1872 Cape Colony joined the fully enfranchised colonies. In India something of the lesson of the Mutiny of 1857 had been learned, and an era of just and level administration by an efficient, though alien, Civil Service had begun. There was still much to do; the condition of no part of the Empire was really satisfactory, and the prevailing opinion of the England of the 'sixties was that Colonies were an expensive nuisance, certain some day to drop away, and meanwhile a source of danger as exposed to attack. Our starting date of 1874 marks a change of attitude, for, with the increasing need of markets for our ever-growing productions, of outlets for a too rapidly accumulating capital, of more and more raw material, especially such as grows in tropical lands, came a desire to link together under our control still greater portions of the earth's surface. Hence arose an imperialistic movement, and a scramble for markets between the white nations of the world. The number and power of our rivals rapidly increased, and there was much unnecessary alarm because of it. The rival that struck our imagination most was Germany, for, since the Thirty Years' War, she had lost her mediæval predominance in trade and she had the handicap of a short and inferior coast line. But railways gave her her chance, her unification in one nation after 1870 the power to use it. The iron of Lorraine could easily be joined to the coal of Westphalia with the help of the new form of traction; railways broke down the barrier of the Alps and threw open to her the trade of Italy and the Mediterranean. Russia, hitherto blocked by ice in her ports for more than half the year, could send her produce through Europe by rail, and eventually to the Far East as well, while the great corn areas of her plains became the source of her wealth. At the same time a new great nation was growing behind the Alleghanies, and by 1890 the Industrial Revolution was striking

the little towns of the Middle West, as a century earlier it had fallen on the rural townships of Yorkshire and Lancashire.

Faced with these rivals, England looked round to strengthen her commercial defences ; she saw her daughter nations potentially or actually rich in much she needed, and a movement arose to make with them a self-sufficing Empire. It was difficult to link strongly Protectionist Colonies with a passionately Free Trade Mother Country, though attempts were made, as we shall see. By 1895, when Joseph Chamberlain took over the Colonial Office, there were many ready to follow him away from Free Trade. For competition seemed very threatening. America, in particular, was seizing our South American coal market, and her iron and steel manufacturers were rushing far ahead of ours. Germany was devoting much attention to the same thing, and the English Government bought guns from Krupp. Chamberlain conceived the idea of a self-sufficing Empire defended by an Imperial Zollverein. His dreams of a closer political union were shattered at the 1902 Imperial Conference, when it was evident that the Colonies were not ready for such a move, and in 1903 he embarked on his campaign to revive Protection, so that we could start giving preferences to the Colonies, " even at some sacrifice." He failed to convince the people that they could safely accept higher food prices in the assurance that Protection would give more work. They retorted with figures of unemployment in Protectionist Germany and America. The lure of " retaliation " also failed, and the retort that the exclusion of Continental bounty-fed sugar only damaged the jam trade seemed conclusive, if true. The arguments swung to and fro. Free traders asked how we were to give preference to Australia when her exports to us were nearly all raw material ; Tariff Reformers urged that safety demanded an imperial food supply, opponents declared that it could not be done, and pointed to our Argentine meat imports, and to the fact that 70 per cent. of our wheat supply came from outside the Empire ; Tariff Reformers prophesied that unless something were done we should lose our colonial markets and eventually our Colonies. In 1906 the Liberals gained power, and in 1907 the Liberal Government refused, at the Imperial Conference, to discuss any question of taxing food.

Another change that occurred in this period was the reduction

of our transhipment trade. Up to 1870 London had been the great *entrepôt* of the world; rapid transport made this less necessary. Cargoes could be dropped easily *en route* at convenient places and railways swiftly carried them inland.

Railways altered also the lines of our colonial expansion. In the eighteenth century and up to 1850 the profitable trade lands were on the coast or were islands; railways made the great interior areas equally valuable. In Africa, Britain especially has developed inland, so that her possessions lie on the map a long red stripe almost down the middle of the continent, with sea-exits to the south and east, but with a seaboard otherwise held by rival nations. Very different this from 1763, when there was a violent controversy as to the retention of Canada or of Guadeloupe and Martinique after the Seven Years' War.

With the growing international rivalry came the search for new markets and the scramble for such of the world's surface as was not yet fully occupied. This is best shown in the story of Africa told below. There was danger in this expansion, though perhaps a danger we could not, at this date, easily avoid. It was pointed out in 1899 by Sir Henry Campbell Bannerman, when he urged "the danger of this expansiveness is that it withdraws the energies and enterprise of our countrymen from markets which they used to control . . . in the vain pursuit of a will-o'-the-wisp of a market which does not and may not exist for years to come." Dangerous or not, the expansion was made; how far it was responsible for the catastrophe of 1914 only posterity can decide.

A word must be said about the curious revival of Chartered Companies, by which much of the work was done. They differed from the old Companies, by having no monopoly of trade. Their advantages and disadvantages have been the subject of much controversy. On the one hand it is claimed that they did pioneer work that it would have been costly and even impossible for the Government to undertake; that they occupied territory which might have been taken by some other nation to the exclusion of British trade; that, their work done, they stepped aside and the nation acquired the results of their labours. Against them it is urged that their almost irresponsible powers (they raised troops, made treaties, and waged native wars) always ended in involving

the Imperial Government in some disaster or other, embroiled it with other nations and cost it expensive expeditions. In all cases they were eventually bought out by the Government. The chief ones were: The British North Borneo (1881), The Royal Niger (1886), The British East Africa (1888), and The British South Africa (1889).

Such was the general outline of colonial development up to 1914; we must now look at the Colonies as individual States.

Canada.—The earliest part to be occupied by Europeans was Newfoundland, whither came in the sixteenth century French and English fishing fleets, with temporary sojourns on the coast. The island was definitely acknowledged as English in 1713, but there was little law and order before 1791, and the rule of might flourished among the 700 fishing smacks of the two nations, while the Devonshire merchants who controlled the trade steadily objected to any sort of justice or order being established. After 1813 grants of lands were officially made to settlers, and in 1832 they obtained a Legislature.

Hudson's Bay Territory had also been ceded to England by the Treaty of Utrecht. But the land between this area and Newfoundland, along the banks of the St. Lawrence, had been both discovered and colonised by the French. Farmers had settled all along the river, which was the only highway, each with a small frontage and an indefinite stretch inland. French law and its system of seigneuries were imported entire, but under the conditions of a new country they shed most of their feudal tyranny, and the tenants, with security of tenure and few or no *corvées*, were satisfied to keep it. The colony had been kept strictly Catholic, no Huguenot being admitted. As a result of the Seven Years' War, which, as far as the English and French were concerned, was a war for overseas markets, the dream of a great French colonial empire in the West had vanished, and in 1763 the whole of North America between the Mississippi and the Atlantic, together with Canada and Cape Breton Isle, was acknowledged to be English. Thanks to the tact and good sense of the early Governors, who left the French colonists their laws and customs, the attempt of the revolting Colonies of New England to lure these to an alliance failed, and it was to Canada that American "loyalists" migrated after 1783. The American War

of 1812 raged along the border, but the Canadians held out, though by this time the difficulties between the two sets of colonists, one British and Protestant, the other French and Catholic, had become acute. English Governors sent out were often ignorant and tactless, and discontent on the part of the Canadians grew. Their grievances were many. The Assembly had the right to withhold money, but could not control its expenditure ; in Upper Canada (Ontario) the power had got into the hands of a few families, and the reservation of a seventh of the land for the clergy became a grievance, since it was often undeveloped and a hindrance to others. Papineau in French Canada and Mackenzie in Ontario led revolts, which failed, but called forth an investigation by the Home Government. The Earl of Durham was sent out in 1838 as High Commissioner, with Buller as official and Gibbon Wakefield as unofficial assistants. He recommended the union of the two Canadas and the granting of responsible government. The former was carried out by Charles Poulett Thomson, afterwards Lord Sydenham, in 1839–41, and the latter fully established by Lord Elgin in 1847. In 1846 another crisis had arisen. England adopted Free Trade, and the preference we had previously given to Canadian products lapsed, while the Navigation Laws were still in force. Consequently, Canada competed on equal terms with the world, but in a market restricted to the United Kingdom. A movement for union with the United States was the result, but this was checked in 1849 by the repeal of the Navigation Laws, and in 1854 Lord Elgin made a reciprocity treaty between Canada and the United States. In the years that followed progress towards democracy was made ; the clergy reserves were transferred to the municipalities for educational purposes, and the seigneurial system abolished. In 1867 the British North America Act established the DOMINION OF CANADA, which included Upper and Lower Canada, Nova Scotia and New Brunswick. In 1870 Canada purchased the North-West Territory from the Hudson's Bay Company and the Colony on the Red River was made into the province of Manitoba. In 1871 British Columbia entered the Dominion. In 1859 Canada had made the final assertion of independence in her own affairs by adopting a protective tariff, in spite of protest from the Colonial Office. In 1872 the boundary line between Canada and

the United States, which in 1818 and 1846 had been fixed by agreement, was finally completed after arbitration by the German Emperor.

Thus in the early 'seventies the greater part of the occupied territory of Canada was united under a Dominion Government; she had established a protective tariff, and it was by no means certain that her eventual destiny did not lie with the United States rather than with England. But British Columbia had stipulated, when she joined the Dominion, that a trans-continental railway should be built to link her up with the older provinces. After a good deal of dissension and delay the Canadian Pacific Railway Company began the enterprise. The Government gave it a subsidy of £5,000,000 and 25,000,000 acres of land, together with all the completed bits of railways, worth at least another £5,000,000. This, however, proved insufficient, and more help was given before the railway was finally complete in 1885. This railway was one of the determining factors in sending Canadian trade east and west instead of north and south.

Meanwhile unjust treatment, by the Government, of the half-breeds round about Manitoba caused another and the last rising in Canada. The leader was the old rebel hero, Louis Riel, but it was suppressed by Canadian volunteers without help from the British Army. Riel was captured and hanged.

During the 'eighties there had been much talk of complete commercial union with the United States, but the majority became increasingly in favour of uniting more firmly with the mother country, and in 1897 the Canadian Government gave its first preferential tariff to England, reducing the duties on British goods to 12½ per cent. below those of other countries. Later this preference was raised to 33⅓ per cent. The more far-seeing of Canadian statesmen realised that linking to the United States would eventually mean absorption in them, while a bond with England, 3,000 miles or so away, had a far better chance of combining mutual defence with mutual independence.

Since 1900 the growth of the Dominion has been rapid. The great wheat areas of the north-west have replaced the trackless prairie, and in 1905 two new provinces were added—Saskatchewan and Alberta. In five years, 1901–6, the population of the prairie provinces and Manitoba nearly doubled, *i.e.*, it rose from 419,000

to 808,000. The Government set about providing experimental farms and agricultural colleges ; cheese factories and creameries, and other forms of co-operative farming are spreading in Ontario and Quebec ; fruit-growing is extending in Ontario, Nova Scotia, and British Columbia. Farmers usually own their farms, which are of moderate size, 50–200 acres. On the prairies the average farm is 240 acres. One of the chief industries of the Dominion is the lumber trade, for the forests are still extensive, though they have been shamefully wasted. A new trade in wood pulp for paper making has arisen, and saw mills have increased, so that most of the export is sawn wood. Half the lumber export goes to the United States, the rest to Britain. Coal is found in Nova Scotia and Vancouver, iron to the north of Lake Superior, gold in Nova Scotia, British Columbia and the Yukon ; in the last the discovery is as recent as 1897. Silver, nickel and most other minerals have also been found, and some petroleum wells. Fish and furs are still very valuable exports. Canada is only at the beginning of its history, though it is the oldest of the great white daughter States. In some ways it has kept more closely to British precedents than the others, and politically has advanced no further. For our more original offspring we must go further afield.

Newfoundland has persisted in remaining outside the Dominion; it exports fish and their products such as oil, as well as iron and wood pulp. In 1905 the fisheries provided 68 per cent. of her exports. Newfoundland is the halfway house for the Anglo-American cable.

India.—The story of our adventure in India is a long one, and is the most remarkable instance of the unpremeditated nature of our Empire. It began in 1600 with the formation of the East India Company, a Regulated Company formed to trade with India, China, and the islands of the Pacific. For the safety of its agents it secured a few fortified places on the Indian coast, the earliest being Surat, in 1609, and Madras, in 1639. Gradually it ousted the Dutch, who in turn drove the English out of the Malay Archipelago, and for over 100 years shared with the French and the Portuguese the lucrative trade of the East.

The first step towards Empire was taken by the French by one of those makers of Empire, the despair or the glory of their

compatriots, according to their point of view. Joseph Dupleix, Governor of the French Settlements, dreamed dreams of a French Empire in the East, and set about realising them by intervening in the quarrels of the native chiefs. It was a good time for his purpose, for the death of Aurungzeb in 1707 had been followed by the break-up of the Mogul's Empire, the rise of the Mahratta chiefs and general anarchy. The details do not matter ; he might have won but for two things, the British command of the sea and the appearance on the scene of his own English counterpart, Robert Clive. The tragic story of England's doings in India between 1750 and 1830 fortunately has not to be told here ; we need merely mark the results. By 1805 the East India Company controlled on behalf of the English Government, directly or indirectly, all India south and east of a line from Baroda to Delhi, except Nepaul and Bhotan, though a wedge of nominally independent Mahratta chiefs occupied the basins of the Nerbudda and the Mahanadi. By 1835 we were already considering the dangers of a hostile Afghanistan and edging into Burmah.

The East India Company had not, however, been left in absolute control all this while, for the English Government was more than a little doubtful of the power of that body to control the imperialism of its officials. In 1773 Lord North's Regulating Act, while it left the Company in full control of the territories it had bought, stolen or occupied, asserted the full dominion of Parliament over all British subjects and appointed a Council to exercise some control over the Governor. In 1784 Pitt's India Act limited the control of the Company and forbad further annexations, declaring that " to pursue schemes of conquest and extension of dominion are measures repugnant to the wish, the honour and policy of the nation." When Lord Wellesley assumed the Governorship in 1798, his seven years' rule was one long contradiction of the order, with the result stated above. Meanwhile the trading character of the East India Company had been disappearing ; in 1813 the only Indian monopoly left was tea, and in 1833 it had lost that of the China trade. At the same date an Act deprived it of all trading character and described its members as " Trustees for the Crown of the United Kingdom."

In 1839 came the first Afghan War and the appearance of the Russian bogey ; this brought about the annexations of Scind in

1839, and of the Punjab in 1849. The career of Dalhousie, 1848–56, was marked by considerable extensions of our rule, based on the " doctrine of lapse," by which he claimed for British rule certain native States left without a direct heir, denying the Indian custom of adoption. Besides States thus acquired, he also annexed Lower Burmah and Oudh, for reasons whose adequacy is the subject of debate. In 1853 Disraeli indicted the Company's government as productive of " constant wars, constant deficits, no education, few public works, and maladministrations of justice."[1] With 1857 came the Mutiny and the end of the East India Company. Since 1858 the Government of India has been vested in a Secretary of State, assisted by a Council. The doctrine of lapse was repudiated, and later extensions, up to 1870, were small and chiefly on the north-west border for defensive purposes. The old covenanted service of the East India Company developed into the Government bureaucracy, known as the Indian Civil Service. In 1833 an Act had declared that neither race nor religion should debar from the service, and in 1853 nomination had been abolished and replaced by competition open to all British subjects, including natives of India—in theory. Since 1861 there has been a definite restriction in the employment of natives, and in practice all higher posts remained in the hands of Englishmen. In 1908 only 107 posts out of 1,370 carrying a salary of over £800 were occupied by Indians.

After 1874 the two developments in India that call for attention are, first, the wars and annexations on the north-west and north-east, due to fear of other European powers encroaching on our domain ; and, secondly, the beginnings of a machine industrialism grafted on an ancient economy of village industries.

In 1878 there was a war with Afghanistan, the real object of which was to say " hands off " to Russia, who was the bogey of the last twenty years of the nineteenth century as Germany of the first twenty of the twentieth. In 1885 we annexed Upper Burmah to keep out France. In 1893 the boundary between British India and Afghanistan was fixed, and in 1895 in the Chitral, and in 1897 against the Afridis we spent men and money to make the border tribes respect it. Finally, in 1907, came an Anglo-Russian convention, which declared Afghanistan outside

[1] Page, " Commerce and Industry," p. 216.

the Russian sphere of influence, and recognised a British interest in South Persia, where there is much oil. Meanwhile, in 1896, Central Siam had been neutralised to prevent a clash between us and the French, who were in Cochin China, and in 1904 we made an agreement with Tibet and China that no foreign power should intervene in Tibet.

While thus securing its frontiers the Government of India paid some attention to internal development. By 1905 there were 210 cotton mills in India, 70 per cent. of them in Bombay, while thirty-nine jute mills appeared in Calcutta. Unfortunately, little attention was paid to our own terrible history of the introduction of machine industry, and child labour and long hours characterise the new movement in India also. There have also developed in India breweries and railway workshops, while tea-growing has increased rapidly. Fifty years ago England drank China tea; now it is a luxury for the rich, and the cheaper, rougher teas of India and Ceylon have replaced it. Coal, iron and gold are the chief mineral products, while petroleum and rubies come from Burmah. The result of all this is seen in the seaborne trade, which has quadrupled since 1858, and India is second on the lists of Great Britain's markets. From India come raw cotton, raw jute, raw hides and skins, opium, tobacco, seeds and grain; its imports are manufactured goods, principally cotton.

Such a development would be impossible without railways; there were in 1906 some 32,000 miles, all controlled by the Government. With canals and forests they yield a revenue of £5,000,000. The railways pay on the average 5 per cent. on the capital outlay.

India has always been a land liable to famine, owing to the uncertainty of the rainfall, and the English Government has so far only succeeded in partially mitigating it. As late as 1896 a famine cost 5,000,000 lives above the normal death rate, and lowered the birth rate by 2,000,000; this in spite of £8,000,000 sterling spent on relief. In the next fifteen years famine came three times, and in 1900 cholera followed. The chief hope of remedy lies in irrigation, and a considerable length of irrigation canals has been built; but the country is so vast—twenty times the size of Great Britain—that even thousands of miles of channels

only deal with a fractional area. The forests are administered by the State and produce a large revenue.

On the assumption that development of its material resources is a good thing for a people, considerable praise must be given to the work of Englishmen in India ; unfortunately, there is little to be said for it on the intellectual side. Small effort has been made to provide education for any but the few capable of its higher branches and with money to pay for it. Seven out of eight children never enter a school, four out of five villages possess no school to be entered ; 90 per cent. of the men and 99 per cent. of the women cannot read or write. It has seemed better to the powers that be to guard the frontiers than to train the mind.

South Africa.—The Cape was first discovered in 1487, and in 1652 the Dutch East India Trading Company had put a trading station there on the route to India. In 1657 a few free settlers were allowed. Immediately the question of labour came to the fore. The natives were either Bushmen or Hottentots, the former being the earliest known inhabitants. Both were in the pastoral stage, agriculture was unknown, and there was no military organisation. Neither could be induced to do hard work, so the Dutch settlers imported negro and Malay slaves. In 1685 there was an influx of French Protestant refugees. It was some time before the colonists, moving east and north, met the great Bantu tribes, Kaffirs, Zulus, etc., who, unlike the Hottentots, declined to be killed off, either by arms or disease. The Colony was very restless and not very prosperous, but in 1795 it was captured by the English and ceded to Britain in 1814–15. At first we ruled it on the Dutch system, but in 1834 it became a Crown Colony. The freeing of the slaves in that year caused great discontent among the Dutch burghers, and in 1836 a section of them determined to move inland beyond British control. They particularly objected to the tolerance of natives too near their frontier, and in this they had some reason, though their own treatment of the black man was such as to make him more turbulent. So they moved north into the lands which had been depopulated by the Zulus and formed two states, the Orange Free State, south of the River Vaal, and the South African Republic north of it. A year earlier, in 1835, settlers in Natal had asked for recognition by the Home Government, but it was refused, and

in 1840 they, too, formed a Republic. However, in 1844 Natal was annexed, and in 1847 British Kaffraria was formed. In 1850–53 came the "Great Native Rebellion" of Kaffirs and Hottentots, and in 1853 Cape Colony was given representative government. The English colonists opposed the full advance to responsible government, fearing the Dutch majority, and it was not till 1872 that they ventured to accept it. Meanwhile, English policy had been playing fast and loose with the burghers of the Great Trek. In 1848 England annexed the Orange Free State, in 1852 she recognised the Transvaal as independent, and in 1854 abandoned the Orange Free State. In 1856 Natal was made a Colony separate from the Cape, and in 1860 the racial problems were increased by the introduction there of Indian coolies. In 1865 ostrich farming was added to the industries of the Colony, and in 1867 the diamond rush began, which led to the annexation of Basutoland and Griqualand West in 1871. Kimberley dates from 1870. Gold had been known for some years to exist in various districts, but the Boers had made prospecting illegal, rightly foreseeing the result of admitting thousands of new settlers to their primitive pastoral existence. In 1868, however, the finances of their Republic were so bad that they reversed their policy, and during the 'seventies several goldfields were opened up. The real gold era did not begin till after 1880. Copper, tin and coal mines were also worked at this time, but the main industries were agricultural and pastoral. Horses, cattle, sheep, goats and ostriches were bred. The sheep were grown mainly for wool, and merinos were preferred.

In South Africa political and economical history are inextricably mixed. For the best part of a century it has been a battlefield for rival races, rival moralities, rival views of what constitutes the good in life. And this battle has gone on against a background of native races, too backward yet to mix happily with the invaders, not primitive enough nor decadent enough to vanish in the clash with the bringers of a more complex order. Perhaps we may sum up the situation by saying that in South Africa the seventeenth and the nineteenth centuries fought it out, in the presence of an overwhelming audience of an early iron age, which was at the same time a constant danger to both the warring centuries.

In 1874 the recalcitrant Dutch burghers seemed to have effec-

tually established their independence in their northern wilds, but all was not well with them. Financial stress had already forced them to admit to their borders the gold-seeking element that could only be a danger to their peaceful pastoral existence ; the nineteenth century was encroaching on the seventeenth. In 1877 a fresh danger arose ; the Transvaal burghers were in danger of being exterminated by the Zulus, and Great Britain stepped in and annexed the Colony. Two years later, Cetewayo, the Zulu king, was overthrown and the danger at an end, but Great Britain did not keep some of her promises with regard to the autonomy of the Colony and the Transvaal Boers revolted. They defeated the British troops at Majuba Hill in 1881, and the recognition of the Transvaal as an independent Republic under British suzerainty followed. This withdrawal on the part of Britain came on the eve of a great expansive movement, which culminated in a general scramble for the whole African continent between the great European Powers. Consequently the policy was almost certain to be reversed eventually, and the certainty became absolute when the great gold reef of the Witwatersrand was opened up in 1884. A vast influx of nineteenth-century men followed, and rapidly became a cancer in the body politic of the seventeenth-century Boers. On its side the nineteenth century disputed the right of a handful of farmers to keep a rich territory to themselves, or to tax and repress the enlightened energy of modern capital. Cecil Rhodes, the most prominent Englishman in Cape politics, a man with vast visions of a great African Empire for England, strove on the one hand to reconcile Dutch and English, and at the same time to develop a purely English region to the north, a territory now called Rhodesia. His difficulties were increased by the presence, wherever gold or diamonds appeared, of groups of international capitalists, to whom politics were merely a useful card in the game of beggar-my-neighbour. South Africa was rapidly becoming the home of trusts. By 1888 the De Beers Company controlled the diamond output, which was duly regulated in the interest of high prices. The inevitable clash between the capitalists of the Rand and the obstinacy of Paul Kruger, the President of the Boer Republic, was anticipated, and for a time postponed, by the Jameson Raid of 1895, but four years later the seventeenth century made its last stand, and for

three years held the nineteenth at bay. By the *Peace of Vereeniging* in 1902 the war ended, in the admission of the Boers that they could not indefinitely fight the Empire, and on the other part by a promise of early and complete self-government. This promise was fulfilled in 1907 and 1908, and was followed in 1909 by the Union of all the Colonies of South Africa south of the Limpopo. Owing largely to the statesmanship of the two Boer generals, Botha and Smuts, the Union has become a reality and the self-government real. The Union has still to solve the problem of the black natives, for here the whites are faced with an overwhelming and increasing number of backward but advancing peoples ; that is, indeed, the problem of all Africa.

Meanwhile the produce of the country grows. The chief items are gold, diamonds, copper, tin and coal, horses, cattle, sheep, goats and ostriches. There is a large wool export, and that of fruit is increasing ; wine has been made and exported since early days.

Australia.—It is pleasant to turn from the home of racial squabbles and established trusts to the two most purely English of our Colonies, where a democratic franchise has produced results at times startling to European conservatism. Australia and New Zealand have been throughout the last fifty years the scene of a most interesting series of experiments on the lines of State Socialism.

At first sight it seems remarkable that Australia and New Zealand should have remained so long outside the known world ; the cause lay in the fact that all the fertile coast lands of the former faced east and south, while ships travelling from the Spanish ports of South America were blown north-west to the Philippines or New Guinea by the prevailing winds of the South Pacific. Torres in 1595, must have sighted Australia and sailed right through the strait, but he did not land. In 1606 a Dutch explorer reported " no waterway " south of New Guinea, and so, although his compatriots did actually discover patches of the west coast, as it appeared barren and useless they took no further trouble beyond calling it New Holland. In 1636 Tasman sailed to Mauritius struck south till he reached the belt of west winds, and then sailed with them till he hit up against Tasmania and then New Zealand and returned home to Java by the north of New Guinea, missing

Australia entirely. At this date all geographers believed in a great southern continent stretching across the Pacific, and Tasman thought New Zealand was an outlying part of this. At the end of the seventeenth century Dampier explored the west coast of Australia, but the east and south remained hidden. In 1768, after the Seven Years' War, the English Government decided to send some of its out-of-work naval captains exploring. Among these Lieutenant JAMES COOK took a party of astronomers to Tahiti to observe a transit of Venus, and then went on to search for the great south continent. Sailing 1,700 miles south from Tahiti he turned west and eventually met the east coast of New Zealand. He sailed round it, and showed it to be two big islands, was blown north, struck the south-east corner of Australia, followed the coast north to Cape York, found he had got to New Holland, and promptly annexed the whole land in the name of George III. With him was a botanist, Joseph Banks, who conceived the greatest enthusiasm for the new land and strongly urged colonisation. When the question of providing for " loyalist " emigrants from the revolted American Colonies came up, it was proposed to settle them on land in Australia, with convicts to solve the labour problem. There was the usual delay and muddle, and in the end the " loyalists " went elsewhere,[1] and only the convicts reached the new land, the first batch being sent in 1787. A settlement was made at Sydney, and for twenty years the twin problems of food supply and discipline were faced by the Governor. In 1797–98 Flinders and Bass explored the south and east coasts and round Tasmania, and after 1800 Tasmania also became a penal settlement. In 1803 Flinders circumnavigated Australia.

In Australia the natives gave little trouble. Tribes, possibly of Indian Dravidian stock, in a primitive stage of hunting life, were sparsely scattered over the land. Contact with white races soon diminished them, and they rapidly decreased in number. The black fellows of Tasmania were of even more primitive stock, and they were killed off by the white convicts like pestilential animals. For themselves, possibly, their fate was fortunate, but the loss to science, in the extermination of a people less developed than any now extant, was considerable.

Meanwhile, in New South Wales free settlers were arriving,

[1] See p. 100.

and in 1804 Macarthur imported some merino sheep from the Cape, and Australia's staple industry was founded. From 1810–21 General Lachlan Macquarie pursued the enlightened policy of encouraging the convicts to earn their freedom, and, to provide them with lands, he opened up the hinterland. The period 1825–31 saw the great explorations of Sturt in the Murray-Darling region and a strong struggle against an unprogressive Governor and a fight for political liberties. Some sort of order was produced in Tasmania after 1824, though it was order without freedom, and attempts in 1824 to colonise West Australia failed.

From 1831–46 New South Wales was controlled by two great Governors, Richard Bourke and George Gipps; between them they reformed the old convict settlements, got rid of transportation in 1840, and evolved a plan of "assisted emigration" to get out steady settlers and young women. Meanwhile, in 1834 South Australia was started by a band of colonists, but some bad mistakes were made which led to land speculation, and the early years were anarchic. George Grey (1841–45) brought about order, and from that time South Australia continued quietly prosperous. It was spared the problem of convict settlers. In 1836 Melbourne was founded, and later partially controlled from Sydney. Meanwhile, a new problem arose in New South Wales; men began to move out of the settled parts and occupied large areas of the interior as sheep ranges. They were known as "squatters" and were really trespassers. But the Government did not dare to interfere much, for the prosperity of the Colony was largely dependent on the wool industry. Bourke went so far as to charge £10 for a licence to trespass, and by 1846 a few hundred squatters were spread all over the Murray-Darling basin, which had been surveyed by Sturt and Mitchell a few years before. In 1842 New South Wales obtained self-government with a high property qualification for the franchise, and the landed interest was supreme. In 1846 the colonists successfully resisted an attempt by Earl Grey to resume transportation, and secured for themselves and for Tasmania freedom for ever from this imposition. In West Australia alone convict settlements remained till 1868; this was at the colonists' request, the labour problem seeming at the moment otherwise insoluble. In 1851 four separate Colonies

were recognised : New South Wales, Tasmania, South Australia and Victoria.

But that same year of 1851 saw a change that revolutionised the Colonies. Gold was discovered on the Macquarie River in New South Wales, and then at Ballarat and Bendigo in Victoria. There was an immediate rush from the towns, and labour became scarce. Next year crowds followed from Europe and America. This influx changed the character of the Australian people, taking the power from the hands of the landowners and squatters at the very time that constitutions were crystallising. As a result they became much more democratic than anything in Europe, though we must note at the same time that the franchise in South Australia, where gold was not found, was the most democratic of all, being based on adult male suffrage. In 1855 all four States gained responsible government. In 1859 Queensland was formed into a State.

The story of Australian exploration is not less great than that of Africa. In 1840 Eyre had crossed from Sydney to St. Vincent Gulf, while Leichhardt and Mitchell had opened up parts of Queensland in 1843–44, and 1845–46. In 1848 Leichhardt tried to cross the continent from the Darling Downs to Perth ; his whole party disappeared and left no trace. In 1855 Gregory discovered the Lake District, and in 1862 Sturt crossed the continent from north to south, which Burke and Willis had done two years before over a route further east.

Railways came slowly in Australia, and in 1870 there were not laid 1,000 miles ; after 1875 there was, however, rapid progress. The tendency in Australia to State control has not been imposed from without, but has evolved naturally from its special needs. A scattered population, practically of one race, soon realised that its chief needs were such as demanded big capital, and that such capital could only come from the combined efforts of all its inhabitants. No man, no group of men, in Australia could find the money to provide railways, on which the return for many years must lie in the indirect benefit of all and not in dividends to shareholders. Two alternatives, therefore, presented themselves : State enterprise or the domination of English capitalists. The former did not terrify them, nor were they convinced of its inevitable failure, for from the earliest beginnings of the Colony

men had had to turn to the Government to tide them over ever-recurring difficulties of labour, of drought, and of famine. On the other hand, America was already showing the danger of large accumulations of capital in a few hands, in a country organised as a democracy. On the whole, the Australian judged it would be easier to control his collective self than a few swollen members who had gathered up the reins of power. Australia was not troubled, like South Africa, with a racial division among the voters, nor by a native problem, which might some day have to be solved by admitting black men to the councils of the white. If ever a democracy was favourably placed for engaging in State as opposed to private enterprise, here was one.

First, of course, came the land question, the progress of which we have followed up to the semi-legalisation of the squatter's position. After 1850 it was complicated by the rapid increase of population due to the gold rush, and the demand for land became constant. At first the policy was tried of giving land to any one who would fence and improve it and live on it. A time of violent speculation followed, land often being taken merely with a view to forcing the squatter to buy out the holder and so waste his capital. The land did not get occupied, and the squatter had less money for using it as pasture. In 1885 an attempt was made to introduce order, and in New South Wales all squatters' runs were halved, and one-half leased to them for a term of years ; the rest was open for selection by agriculturists. Victoria followed, and South Australia resumed leased land at six months' notice ; other Colonies had plenty still undistributed. By 1891 in Australia and New Zealand altogether about 125,000,000 acres had been alienated, though only one-fifth of it was closely settled. Of late the tendency everywhere has been to lease land rather than to give or sell it, usually on a perpetual quit rent.

In 1858 the TORRENS LAND TRANSFER ACT had arranged for a register of all lands on transfer, and thus made buying land a simple and easy process, not a complicated and expensive puzzle as in England. By 1888 it seemed safe to give up State assistance to emigration, except in Queensland and West Australia ; Victoria had ceased subsidies soon after the gold rush.

Of all State enterprises the most important were the railways in 1906 some 15,000 miles had been built, for which £132,000,000

had been borrowed; this was nearly three-fifths of the public debt. They pay their way, and without them the country could not have been developed. In 1872 the stupendous achievement of the overland telegraph from north to south through the arid central plains linked the Colony with England by way of Java.

The land and its communications are the fundamental matters in every State, but the Australians were not content, having settled there, to leave economic forces to work themselves out, either to success or disaster. They had no mind to see reproduced unnecessarily, in a new uncrowded land, the miseries so difficult to cure in old-established congested Europe. About 1896, people became aware that long hours and sweated labour were far too common. Trade Union action had secured decent conditions for skilled men; women, and the weaker workers generally, had been left to the untrammelled play of "economic forces." Australia had no tradition of *laisser-faire*, quite otherwise, and each State in turn took up the matter and dealt with it drastically. Victoria, in 1896, by its *Shops and Factories Acts* established Wages Boards in certain industries and extended them in 1900. South Australia quickly followed, and a minimum wage now secures the workers in most trades throughout the Commonwealth. The attempt to prevent strikes and lock-outs by compulsory arbitration was an experiment initiated in the early part of the present century. As one would expect, there is free primary education, except in Tasmania, and no State help for denominational schools. New South Wales has State High Schools; other States give scholarships to private schools. There are four Universities.

But if Australia is to maintain a standard of decent living for all her citizens, it is obvious that she must take precautions as to whom she will admit among them. Hence has arisen what is the most fixed determination of rich and poor alike, the maintenance of a "White Australia." Not merely will she keep at bay the backward dark races of Polynesia, or even the Indian coolie, either of whom would drag down by his low standard of living the welfare of her workers; she is even more fiercely determined to bar her doors to the two great yellow civilisations, whose numbers, once admitted, might so easily dominate her own less prolific, and, indeed, less industrious race. And, looking over

the many countries of the world, where problems arise from the mixing of widely differing races and cultures, who dare say she is wrong? Those who venture to criticise point out, that in a fertile area, which, including New Zealand, is five times the size of France, there are less than six million inhabitants, and that in certain parts of it field labour is almost impossible to white men. Will Japan and China, the former now ranking as a first-class military and naval Power, indefinitely put up with the assumption, by a comparative handful of white men, of the right to reserve to themselves one of the choice spots of the earth, which they do not even effectually occupy? That is a question to which an answer must be found in the near future. The weak place in the Australian defence is the Northern Territory, a fertile stretch of land lying close to the Equator. Its cultivation by "Kanaka" labour—indentured men from the Melanesian islands—tried for a time, has been stopped, and though in Queensland the use of machinery has enabled sugar to be grown with white labour, it cannot compete with that of Java and Fiji, where black workers are available, and it only retains the home market by a protective tariff.

Scattered as are the five great Australian States, it was obvious that sooner or later some sort of Federation would be essential. It was suggested by Sir Henry Parkes in 1889, and after ten years' controversy the five States came to an agreement. In 1901 the COMMONWEALTH OF AUSTRALIA came into being. The terms of the federation differ from those of Canada. In the latter all powers not definitely reserved to the provinces become functions of the Dominion; Australia followed America, and decreed that all powers not definitely handed over to the central Government remained with the federating States. Provincialism is, in fact, very strong in Australia, so strong that even the present dominant Labour Party, which stands to gain by the change, opposes any increase in the central control. The chief advantages gained by the Federation are:—

(*a*) Inter-colonial trade is relieved of customs tariffs.

(*b*) There is a common policy for railways, irrigation, land, and the treatment of natives.

(*c*) All questions of foreign labour and of arranging trade disputes are treated alike throughout the Commonwealth.

(*d*) There is one High Court of Justice for all Australia.

(*e*) It is easier and cheaper for the Federation to borrow capital in Europe and America than for the individual States.

The staple product of Australia is wool, with minerals, especially gold, a good second. The coastal belt, reaching some 400 miles inland, is damp enough for agriculture, and the sheep grown there are used for mutton rather than wool; but the "back-blocks," stretching away to the desert centre, are the great home of the merino sheep. The Australian climate improves wool, and the wool of the merino sheep has become longer, softer, and more elastic since its introduction and the weight of the fleece increased. Twelve acres of land are needed to a sheep, and paddocks may be forty miles round the fence. Unfortunately, while the sheep improved the land did not. When white men first came to Australia the rolling plains were covered with grass, and the settlers set about "clearing" it by removing the low scrub bushes. But Nature's equilibrium here was not the same as in the damp, cold North, and when the bushes went there was no screen to the winds, and rapidly the light soil blew away, leaving nothing but hard red clay; much of the grass has disappeared and droughts are a constant enemy. For a time the early squatters tided over crises by borrowing, one good season paying the debt on the bad. From 1891–1902 came a run of bad seasons and the flocks were reduced by half. English investors drew back, banks failed, and the Colony had a bad time. After 1906 there was recovery, and science was brought to bear on the problem; irrigation by artesian wells was introduced, railways pushed forward, and the rivers provided with locks for water transit and water storage. One-third of the wool of the world is produced within the British Empire and over one-half of that comes from Australia and New Zealand.

The chief gold-producing areas are now in West Australia, giving more than double the quantity from Victoria. The great boon brought to Australia by its goldfields has been men. Alluvial gold mining, unlike the reef-boring of the Rand, is a poor man's job, asking little capital, and any news of such gold brings thousands of immigrants.

Wheat and dairy produce supply the home market, and since 1890 there has been a surplus to export. On the east coast the

dairies are ousting both wheat and sugar-cane fields. The farmer merely produces milk; all the rest is done in factories, from which the cheese and butter are loaded into the freezing chambers of coastal steamers, and from these again to the big boats at Sydney. All the produce is inspected and graded by the Government before export. The frozen meat trade is not so great in Australia as in New Zealand, and really disposes only of surplus stock. The small merino sheep is not so popular as mutton as are the large cross-breds of New Zealand, and the great distances from the interior in Australia make its transport, whether alive or dead, difficult. Up to 1891 horse breeding was a growing industry, but since then has been stationary. Queensland, as we have seen, produces sugar; fruit and wine and hard woods are increasing exports.

The external trade of Australia is large and valuable; estimated per head of the population, it amounted in 1914 to £45. The great need of Australia is a constant supply of water, and there is now promise of its attainment. The central plain has far below its surface a layer of porous rock which, on the edge of the plateau, shows an outcrop of varying breadth, sometimes seventy-five miles. Much of the river water that flows over this outcrop is soaked up, and, owing to a tilting of the layer, it pours down and back westward under the plateau. Artesian wells of sufficient depth can strike this water almost anywhere, and with it can turn dry sheep runs into green orchards and gardens, and water great flocks which are otherwise at the mercy of the rainfall. As man comes to understand scientifically the way to manage these great areas, Australia should increase its already considerable happiness and prosperity.

One further development must be noted; in 1907 Australia herself took a step on the Imperial road, and is now responsible for the government of a strip of territory in New Guinea.

New Zealand.—There were settlers in New Zealand by the beginning of the nineteenth century, and missionaries arrived in 1814. The native Maoris were a very different people from the Australian black fellows, and while trickery and ill-treatment by some of the settlers brought fighting and resistance, decent treatment at the hands of others, and later by the Government, brought peace and good feeling. Almost alone among lands of

the British Commonwealth, New Zealand can show a fairly contented and rapidly civilising native population.

A British resident was first appointed in 1833, but the first party of any size arrived in 1840, sent out by the New Zealand Land Company. They began badly by buying from Maori chiefs for trifling trade articles land which the chiefs had no power to sell. Maori tribal organisation held land in common, and it belonged to the tribe and not to the chief. But the Company claimed to have bought a million acres of land for an expenditure of less than £9,000. At the same moment the French were planning a settlement, and it was evident that if New Zealand did not become British it would become French. So in 1840 it was annexed and a treaty made with the Maoris, called the *Treaty of Waitangi*. The chiefs were promised full and undisturbed possession of their lands collectively and individually, the Crown to have the first claim on any lands the Maoris might wish to sell. Subsequent troubles were due to breaches of the treaty. The New Zealand Land Company defied the treaty and set about occupying the land out of which they had swindled the natives. England sent out a Commissioner to determine the quarrel, but the colonists would not wait, and the Maoris burnt the surveyor's tents and resisted the trespass. The usual atrocities and reprisals followed. In 1845 Captain George Grey, who had just put South Australia on its feet, was sent as Governor. He reassured the natives, refused, even at the command of the Colonial Office, to repudiate the treaty, and succeeded in controlling both colonists and Maoris. Meanwhile, in 1848, a Scotch Presbyterian settlement, Otago, was made in the South Island, and in 1850 the Canterbury district, with Christchurch as centre, was established by Church of England colonists. From these settlements grew the wool industry. The South Island was happy in having no native problem. In 1853 a constitution was made arranging for both central and provincial Governments, which division later produced quarrels. The Maoris were not excluded from the franchise, but few of them had the necessary property qualification, so that practically they were unrepresented, though they formed a majority of the population and paid half the taxes. The same year Captain, by that time Sir George, Grey went to South Africa, and under succeeding Governors the interests of

the Maoris were neglected. Education lapsed and native magistrates were not appointed, while the worser kind of colonists defied the law, sold the natives drink, and repudiated their marriages with Maori women. The result was a deplorable series of wars that dragged on from 1859–70. The Maoris were outnumbered and outgunned by the Imperial troops, but their fighting was heroic and their tactics difficult to counter. Sir George Grey returned in 1861, but the breach was too wide and the memory of past misdeeds on both sides too keen. Meanwhile, the discovery of gold in 1852, 1858 and 1861 produced a rush to the Colony, and the population doubled in three years. In 1865 another rich field was discovered and individual colonists flourished, though the finances of the Colony were drained to the uttermost by the interminable war. In 1868 the franchise was altered, and the Maoris given four Members of their own. Since then there have been Maori Members of the Upper House and of the Executive Council.

In 1870 the prospects of the Colony turned the corner. The Maori War ended, the University was founded, vote by ballot adopted, a Government Insurance Office and Registry of Land established, and in 1872 a Public Trustee appointed.

Even more than Australia, New Zealand has moved in the path of State Control. In 1870 a new policy of public works was organised. The Colony borrowed £10,000,000 for public works and assisted emigration, and a period of great prosperity followed. In 1877 a uniform system of education for the whole Colony was established free, compulsory, and secular; in 1879 triennial Parliaments were decreed and manhood suffrage. Women's suffrage followed in 1893, and the abolition of plural voting in 1896. Members of both Houses are paid. New Zealand passed the first Compulsory Arbitration Act in 1895, and Old Age Pensions were granted in 1898. Already in 1893 Local Option in the matter of alcoholic drinks was working, and the country rapidly moved towards total prohibition. There is a State Bank. New Zealand was also the first State to impose graduated taxes on land and incomes. The same tendency as in Australia towards leasing rather than selling State land is seen, and land of large estates has been bought back and let in smaller parcels at a 5 per cent. quit rent. There are very stringent

Factory Acts, and the early closing of shops was one of New Zealand's pioneer measures. In spite of, or because of, all this State regulation, the trade of the Colony nearly doubled between 1896 and 1906. The chief exports besides wool and gold are frozen mutton and dairy produce, both carefully fostered by the Government, which provides cold storage at the ports ; in the early years this was free of charge.

In 1912 the Government established a standing Commission for industrial investigation and then nationalised the iron industry. It is evident that, if the future centre of the world is to be the Pacific, rather than the Atlantic, the British-sprung portion of it will not be behind the others in enterprise and initiative.

Other Expansions.—Such was the history of the great Colonies. Meanwhile, we did not neglect to acquire, with an absent-minded air, strategic points dotted about the world. In 1839 we occupied Aden, an important point on the overland route to India, and in 1841 Hong Kong was ceded by the Chinese as a guaranteed base from which we might import the opium they wished to keep out. In the same year Sarawak in Borneo came under the control of an Englishman, Rajah Brooke. In 1850 the Danish settlements on the Gold Coast passed to us, to be followed in 1861 by Lagos, and in 1872 by the Dutch stations in West Africa. In 1854 we annexed the Kuria Muria Isles, and in 1860 Kowloon was demanded as a safeguard to Hong Kong. In 1874 the Fiji Isles were occupied.

The debates in the House of Commons on this last annexation illustrate well the divergent opinions of the time on Imperial expansion. The situation had the usual complications of the misdeeds, real or asserted, of lawless British subjects, for a band of adventurers had established a system of supplying Polynesian labour to Australia and elsewhere that was said to be slavery and to be maintained by kidnapping. In 1873 these men had established a Government of some kind on the islands, and the Gladstone Ministry had determined to recognise it. The natives and the other white folk in Fiji asked for annexation as an alternative, and Australia protested strongly against the recognition of a band of lawless slave traders, for such they maintained was their real character. The Opposition urged that Fiji desired annexation, that the islands would form a much-needed naval station,

and that the natives would obtain British justice and order, instead of being exploited by British adventurers. Gladstone replied that the evidence of slave trading was not conclusive, and the men were entitled to the benefit of the doubt, that by freeing our trade we had made the acquisition of fresh territory unnecessary for our commerce, and he foresaw with dismay increased expenditure on the Colonies. Another speaker doubted whether we were such excellent governors that our rule abroad must be extended. In 1874, when Disraeli returned to power, the annexation was made.

The African Scramble.—Up to about 1880 English interests in Africa were confined to the south and a few places on the west coast, and the general attitude towards this vast little-known continent was a total political indifference, tempered by philanthropic and commercial interest in the doings of missionaries and explorers. But about that date it became obvious that, however indifferent English politicians might be, it was far otherwise with Continental statesmen. The start obtained by Britain from her priority in time in machine production and steam navigation was about to be challenged by two, at least, of the other European nations. By 1884 English traders on the Lower Niger, where palm oil was becoming an important article of commerce, found that the French, penetrating from Algeria in the north, had established themselves securely in the Upper Niger and blocked the way to expansion inland. In 1883 Germany, seeking her share of the new markets for tropical produce, claimed control of a territory east of the Niger, lying along the River Kameroon. Obviously, some working agreement was necessary, unless the nations were prepared to fight again and on a larger scale the wars for overseas markets of the eighteenth century. In 1885 a CONFERENCE was held at BERLIN, at the suggestion of Portugal, when various matters were settled. Great Britain was later allowed a protectorate over the Lower Niger area, and six years later the British territory was extended inland to a line joining Say, on the river, to Lake Chad. The Conference also settled the future of the Congo basin, and created the Congo Free State, a territory already occupied by the International African Association, of which Leopold, King of the Belgians, was chief promoter. Agreements were come to as to trade and the navigation of the rivers, the suppression of slavery, and the definition of " spheres

of influence." There was to be freedom of trade throughout the Congo basin and eastward to the Zambesi and Mozambique.

The story of East Africa illustrates the rivalry even more forcibly. The great lakes, Tanganyika, Albert, and Victoria, had already been discovered, when, about 1870, we began to take an interest in Zanzibar, occupied then by Arabs, who had settled there from South-East Arabia some three centuries before. By 1879 there was a cable from Zanzibar to Aden, but when in 1878 the British India Steam Navigation Company tried to lease 1,100 miles of coast line and a total area of 590,000 square miles from the Sultan of Zanzibar, the British Government disallowed it. In 1885, however, a German company secured a large part of the area, and were backed by a charter from the Emperor ; the English Government became alive to the existence of a new rival, and in 1886 the two European nations agreed to divide the whole between them, and to confine the Sultan to a strip of coast ten miles wide. In 1888 the British East Africa Company was chartered, and in 1890 we exchanged Heligoland, an island off the coast of Germany, for the right to extend considerably the East African Protectorate, which now included Zanzibar. France here put in a word, but agreed to recognise our protectorate, if we, in return, recognised hers in Madagascar. Finally, in 1891, the Sultan of Zanzibar leased, and later sold, the last bit of his property to Italy. By 1895 the British East Africa Company had failed, and the English Government bought up their rights for £250,000 ; an Arab revolt was suppressed and the Protectorate administered as a Crown Colony.

To the south a series of missionary and trading ventures, followed by international squabbles, led to a final agreement between England and Portugal in 1891 concerning the territory round Nyasa. Free navigation of the Zambesi and the Shire was secured and " spheres of influence " defined. A protectorate was formed over the Nyasaland district and called the British Central Africa Protectorate, and the rest was formed into North-East and North-West Rhodesia.

A special reference is necessary to Egypt, usually coloured red on English maps, to answer the question " What are we doing there ? " The average Englishman is even more ignorant on the point than Andrew Lang pretended to be in his *Letter to*

Herodotus. "But what they did there (as Egypt neither belongs to Britain, nor Britain to Egypt) I know not, neither could they tell me." The outline of the story is this. In 1875, Ismail, Khedive of Egypt, had sold his shares in the Suez Canal to the British Government; in 1876, having nothing more to sell and having wrung the last possible farthing out of his unfortunate subjects to pay for his extravagances, he fell back on the simple plan of repudiating his debts. Thereupon an international debt commission was formed in the interest of the creditors, and soon after England and France assumed control of Egyptian finance. In 1881 Arabi Pasha became chief Egyptian minister and set about plans to remove these foreign bailiffs, who held up the country for its tyrant's debts. Neither France nor England seemed anxious at first to take up the challenge, but in 1882 the English Fleet bombarded Alexandria, and the Khedive dismissed Arabi, who led an armed revolt and was defeated at Tel-el-Kebir. The creditors' rights thus established, it was natural for the troops to be withdrawn, but England decided to leave 10,000 "as a temporary measure," the dual control was abolished, and England remained supreme. France was not exactly pleased; after all, it was the genius and money of her citizens that had built the Suez Canal; England was only the capitalist absorber of other men's work. However, England had her way, the troops stayed, the debt was a first charge on the taxes paid by the fellaheen, and she, and she alone, was in 1904 recognised as being the proper person to decide the time of her own withdrawal. The Egyptians have long thought the time overdue; the English Government still thinks otherwise. To some extent the English occupation has been mitigated by the carrying out of great irrigation works, both in the Delta and at Assouan, where the great dam was completed in 1902.

Let us take one look at the map of Africa. What do we find? Roughly, we may say that France and Great Britain share the largest part; this was the case in 1914, and since the War it is even more marked, for the German colonies have all been taken away. If we include Egypt, though we have no right to, there is a solid block of land stretching from the Mediterranean to the Cape directly governed by Great Britain. There is also an important area in the west, and many islands. The French African Empire

covers most of the western half of Africa, north of the Equator, and stretches from Morocco, Algiers and Tunis across the Sahara to the Gulf of Guinea. On the south-east France holds Madagascar. The rest of the continent is divided between the Portuguese, the Italians, and the Belgians. Only two independent bits remain—the negro republic of Liberia and the kingdom of Abyssinia.

Railways have been such an important factor in the opening up of Africa that they have been constructed directly by the Government. The Bechuanaland Railway received a subsidy in 1893, so that there might be economy in administration of the territory; the West African railways are State-owned, for they are essential both to peaceful trading and to warlike expeditions; the railway from Cairo up the Nile was strategic in origin, but was also expected to open up the Soudan to commerce. The Uganda Railway was State-constructed by direct labour, and is run at a profit.

What justification can we white races offer for this ruthless taking possession of so large a piece of the world, without consideration of the wishes of the present occupiers? It would be exceedingly difficult to make any final judgment as to the ethics of this newer Imperialism. One or two points are, however, worth discussion. In the first place, all the nations of Europe have combined to abolish the Arab slave trade. Recent converts themselves, they have been all the more zealous in imposing their new faith on others, and it is something to the positive side of the account that a great authority can assure us that, though slavery exists still in many parts of Africa, the slave trade is almost dead, and quite dead wherever Europeans are in real effective control.

As to our right to force ourselves into the country and impose rules and conditions on the inhabitants, that would seem to vary with the district. Obviously, in a world getting rather crowded and with a fast-rising standard of comfort, it is no use claiming that a few thousand uncivilised tribes should remain undisturbed, scattered over a large area full of things useful to other men, but which they neither use nor preserve. Room must be made for the men who can employ these natural gifts. But when the invading nations take to exploiting the backward people, forcing

them to work for little or no return, tying them down to trade only with certain monopolists and get badly swindled in the process ; when they force on them their civilised poisons and infect them with their civilised diseases, it is time to protest on behalf of the oppressed. Lately in this country there has been a strong reaction against all Imperialism, and cynical gibes are often made at arrogant talk of the " duty " of the white races, and especially of the Anglo-Saxon to play pedagogue to the world. Much of this derision is deserved, for commercialism has lurked but thinly veiled beneath the crusade. But it was not quite all a lie ; there have been men and women who have really shouldered the " white man's burden," and spent their all of health and life in the service of those they ruled ; there have been moments when nations have genuinely risen to the call to help the childish races without hope of reward or gain. Unfortunately, such people and such moments are not the most numerous, and the tendency to exploit the weak and the fear inherent in commercial rivalry have been given pride of place. It will be a great step forward if the nations can agree to develop the resources of tropical Africa on some mutual plan of fair division, making the welfare of the native races a first consideration in every move. There is this to the credit of Great Britain, that she stands for freedom of opportunity for all alike, and that some of her aggressions have been forced on her by the need to anticipate a rival power, whose occupation would mean exclusion of others and a rigid monopoly.

Market Rivalry.—The same competition is seen in other places besides Africa. In the East, France still challenges England, there is the keenest rivalry between us and the United States in South America, while China has been cursed by constant demands on behalf of competing nations to be allowed to exploit her great resources and the marvellous industry of her people. For fifty years Great Britain had practically monopolised the Chinese trade, but after 1897 Russia in the north, Germany in the Shantung Peninsula, France in the south, and the Japanese wherever they could get, forced concession after concession from a people that only asked to be let alone. As each nation secured something another came with a demand for an equivalent. Behind it all was the haunting fear that the time would come when the

dominance of the Pacific Ocean would be fought for, and the riches and millions of China might play a decisive part. America found herself here a very interested party. Lastly came what was considered a fresh menace from Germany in the building of the Bagdad Railway, with its threatened rivalry of our Eastern seaborne trade.

Problems of Empire.—It is time to take a general view of what such extension of Empire involves in economic problems.

(*a*) The need for linking the Empire into some sort of unit was becoming obvious during the later years of the nineteenth century. It would seem that the crying need was for its general defence, but it soon appeared that colonial sentiment was unprepared for the central control implied in any measures for joint action. At the Imperial Conference of 1902 Canada refused even money contributions for the purpose, and both Australia and Canada refused to set up an Imperial Reserve Force of troops. Under the influence of Joseph Chamberlain the move towards unity was directed into the channel of preferential trade. England in 1900 seemed unalterably fixed in its policy of free trade and a tariff for revenue only. The Colonies were more or less ready to lower their customs to British goods, but it was difficult to find a way in which some exchange favour could be made, since no party in England could induce the poorer class to risk a rise in the price of food, whatever counterbalancing advantages were offered. Too well had they learnt the lesson of the earlier part of the century. But most of the goods supplied by our Colonies were either food or raw materials, and the manufacturers objected just as strongly to any tax on raw produce as the workers did to one on food. However, in 1897, England terminated all her treaties with foreign nations that prevented her giving preference to her own Colonies on such customs as she did impose (tea, sugar, wines, etc.), though it risked a £77,000,000 trade to increase a £24,000,000 one. Canada replied, as we have seen, by granting a large preference on English goods, South Africa and New Zealand followed in 1903, and Australia in 1908. Besides these, inter-colonial preferences have been established, such as that between Canada and British Guiana in 1912. Canada and New Zealand extend their British preferential tariff to the whole Empire, and South Africa has special treaties with other Colonies.

We have already seen how the construction of railways has pushed forward the boundaries of Empire; indeed, one may say that, as Rome consolidated her Empire with roads, Britain has done the same with railways and steamships. A tramp steamer taking manufactures to the Cape ships a cargo of coal at Natal for India, where it may load up with raw material and so home by Suez. Such a route cuts down freights by eliminating the difficulties of finding a return cargo and the possibility of having to charge freight on the outward-bound cargo to cover the cost of return with empty holds. Indeed, lower freights do more to build up trade than any tariff concessions possible. A subsidy of £40,000 a year to a line of steamers has almost restored prosperity to the West Indies, by creating a great fruit market to replace or supplement their dwindling sugar industry. Subsidised mail services, both from Britain outwards and intercolonial, make possible speedy and accurate delivery of goods, and "all British" cables, made with an eye on war, tend to turn the line of commerce to our colonies rather than elsewhere. In 1898 was established the IMPERIAL PENNY POST. In 1900 the COLONIAL STOCK ACT, which placed such stock on the list allowable for trust funds, lowered the rate of interest at which colonial Governments could borrow, and saved the Colonies and India some £10,000,000 a year, in itself a handsome preference. In 1899 the Commercial Intelligence Branch of the Board of Trade was opened, and in 1908 four special Trade Commissioners for the Colonies were established, with twenty-three local correspondents. In 1913 the Imperial Bureau of Entomology was founded to deal with insect pests throughout the Empire, and the Dominions contribute to its cost. Since 1899 there have been Schools of Tropical Medicine in London and Liverpool, and permanent research laboratories have been established in many outlying parts of the Empire. The progress towards making the tropics possible for white men has been considerable.

The result of all these links has been to turn the stream of British emigration towards our own Colonies. Between 1891 and 1900 28 per cent. of the total migration went there, by 1913 the proportion had risen to 78 per cent.

(*b*) The second great problem that confronts the British

Commonwealth is the labour question. We have discussed the effect on labour questions of the determination to have a " white Australia." In South Africa the question presents equally serious, though quite different difficulties. After the South African War it was found very difficult to secure enough black men to work the Rand mines. The African Kaffir naturally preferred to work only so long and so hard as would supply his primitive needs, he saw no reason to increase his wants at the price of increasing his work. His position was not illogical, and he had the right to choose. As to white labour in the mines, there was not enough available of that either, and if there had been the owners of the mines did not intend to diminish their dividends by paying white men's wages. So, for a time, indentured Chinese labour was tried. There is not much to be said for indentured labour at any time, there is nothing in its favour if the indentured labourer does not become a colonist, and this the Chinaman was not allowed to be. At the end of his term he was shipped home again. After some years of trial, the plan was given up. The same fate met the attempt to introduce Melanesians into Australia.

The question of Indian immigration to our Colonies is more complicated. In the first place, the immigrants are not all unskilled labourers ; artisans, traders and men of education often seek a permanent home less crowded than their native one. There are large Indian populations in Natal and in British East Africa, and in both places its members are bitterly discontented with their position. They urge, and with justification, that as they are members of the British Commonwealth there should be no discrimination against them, and that they should not be stigmatised by special regulations, limiting their freedom of movement and occupation of land. In East Africa the handful of white settlers object to Indian immigrants, who outnumber them by two to one, having any share in government, and they rigidly exclude them from all the high-lying land of the colony.

The problem of Japanese immigration is even more difficult ; for while it is fairly safe, for a time, to bully China and ignore the grievances of our own subjects, the Japanese claims equality with the white man, and has proved it in the white man's special field—machine industry and modern armament. For the moment

Japan refrains from challenging a white Australia, and has met British Columbia by an agreement by which, without foregoing her claim for an open door for her people, she promises to restrict their numbers and allow no indentured labourers to come unless the Government of British Columbia asks for them. One of the most pressing of the world's problems is to find an outlet for Japanese emigration and enterprise, where her industrious workers will not pull down by competition the standard of life of men who cannot live, as they can, on a little rice.

(*c*) In considering the economic unity of the Empire we have to face the fact that at present it cannot be said to be self-sufficing. It may eventually become so, but as things are much of the food required by our home 45 millions is drawn from outside the Empire. Also of our total trade in 1913 only 26·2 per cent. was with other parts of the British Commonwealth. The salient fact about us still is that, more than any other nation, world peace and world prosperity is essential to us. The welfare of Germany or Russia or South America is as essential to our trade as that of Australia or Canada. Ours is a world market, and, if Germany is too poor to buy Brazilian coffee, Brazil becomes too poor to buy our Manchester goods, and we may thereby become too poor to buy Australian mutton or butter. It is probably beyond human power now to weld our far-flung people into an economic whole, defying the world in splendid isolation, even were the dream a pleasant one.

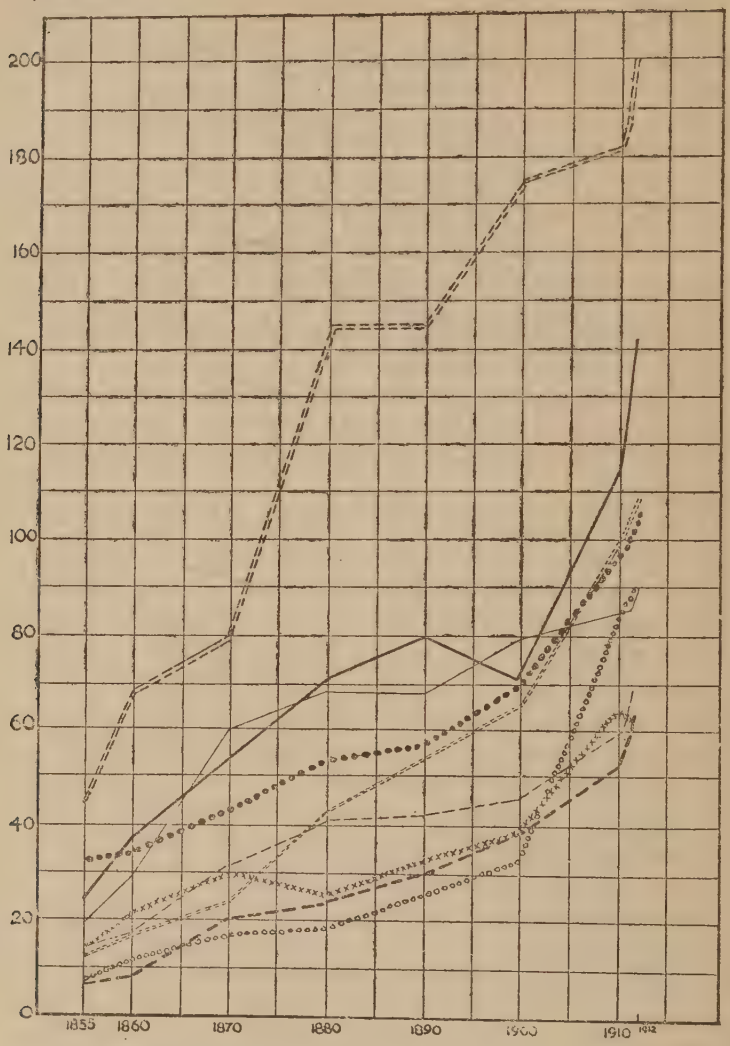
(*d*) On the other hand, the range of products of the Empire is very striking; there is very little that cannot be obtained at all within its borders, while nickel, asbestos, jute, mica, palm-oil, palm-kernels and plantation-rubber are hardly obtained outside. Within our borders are found 45 per cent. of the world's supply of wool and 60 per cent. of its gold. It is one of the problems of government what measures, if any, shall be taken to increase the quantity of things we do produce, or to add others to the list. One of these centres round raw cotton, of which there is a growing world shortage. As we have seen, the United States is using an increasing proportion of its own supply, and at the same time the cotton boll-worm is extending its havoc among the crops. The Uganda Railway was largely built to encourage cotton-growing in the Soudan, and a subsidy of £10,000 a year was granted

in 1910 to the British Cotton Growing Association for experiment. Nigeria is said to be a very promising area for this development. In Egypt measures were taken to supply good seed and to fight the boll-worm, another partial justification for our illegitimate presence in that country.

In India much scientific investigation is being applied to agriculture, especially of tobacco, wheat, indigo, fruit, sugar, jute and silk. Lastly, the Government has helped, though in somewhat niggardly fashion, the wonderful war waged by men of science against disease, with the result that we now know how to prevent yellow fever and malaria, if we will go to the trouble and expense.

TOTAL VALUE OF OUR EXPORTS AND IMPORTS WITH NINE CHIEF COUNTRIES

£ (in Millions).



U.S.A. ═══

India, Ceylon and Straits Settlements ———

Germany .....

France ————

South America: East Coast only .....

Australia and New Zealand – – – –

Holland – – – –

Belgium – – – –

Russia ×××××

CHAPTER VII

COMMUNICATIONS AND THE MOVEMENT OF TRADE. BANKING AND EXCHANGE

Railways.—English railways date from the 'thirties ; the time of their rapid extension was the 'forties. The early days were days of chaos, for Parliament, in its zeal to prevent a monopoly, encouraged the establishment of innumerable small companies, whose average mileage was fifteen ! It soon became evident that such lack of system was not only wasteful, but impossible, and amalgamations rapidly took place, until by 1874 there had crystallised out the dozen or so great companies familiar to all of us before the recent further combinations. Up to 1874 there had been a very determined opposition by Parliament to all attempts of the Government to control in any way the private enterprise of these holders of vital links in the nation's life, for the theory of *laisser-faire* was almost universally accepted. The chief interest of the next forty years lies in the gradual abandonment of this principle, as far as railways were concerned, so much so that by 1914 nationalisation seemed the inevitable next step.

In 1873 a public body called the Railway and Canal Commission had been appointed to supervise the companies' doings, especially in matters of amalgamations or working agreements, to adjudicate whenever railways proposed to buy up canals, and to decide disputes between lines. It had not enough power to be really effective, and the railway companies ignored its orders with impunity. There were continual complaints as to the excess of the charges made and of the chaos in which all railway law was lost, for up to 1888 railway rates were controlled by 900 different Acts of Parliament. In that year the RAILWAY AND CANAL TRAFFIC ACT was passed, by which all companies were compelled to submit within six months to the Board of Trade a schedule of their charges, and after exhaustive examination several Acts were passed securing certain maximum rates, that came into

force in 1893. Some of these maxima were lower than the rates the railways had been charging, some were higher. To recoup themselves for loss on the former, some companies raised those not already at the maximum. The consequent outcry caused the passing of another RAILWAY AND CANAL TRAFFIC ACT in 1894, which forbad the railways ever to raise rates once in use. The result is that the railways can reduce rates but not raise them. In 1913 a fresh RAILWAY AND CANAL TRAFFIC ACT allowed rates to be raised above the 1892 level in consideration of the great improvements made in the service. These Acts had the effect of stabilising rates at a fixed point, for experimental lowering was in practice abandoned on account of the difficulty of raising the rates again, should the experiment turn out a loss. Competition in rates between the companies ceased, and their rivalry was turned to giving better conveniences and facilities. Those who remember travelling in the 'eighties will not regret this result.

Since 1894 the movement has been towards amalgamation, for expenses increased and rates could not. As we have seen, combinations among the workmen promised to force the companies to remedy the scandal of long hours and insufficient wages, and competition was forcing up the speed and comfort, and consequent expense, of all services. Dividends shrank, and the only cure lay in more economical working. In 1899 the South Eastern and the Chatham joined up, and in 1909 it was proposed, prematurely, to combine the Great Northern, the Great Eastern, and the Great Central. Such combinations eliminated all competition, and the question arose whether, in that case, private enterprise could be entrusted with so essential a life line of the body politic. The attitude of the directors towards the new demands of labour endangered the whole nation, and the movement for nationalisation grew. Defects, such as the 600,000 private trucks, that wander half their time empty seeking their owners, when, if they belonged to the company, they could take a return load ; loss of life which might be prevented by extra outlay of capital, such as the burning of victims in the smash of a train lit by gas instead of electricity—these things all tended to make the railway shareholder unpopular, and to convert many, who were not Socialists, to the idea of running railways at least " for service and not for profit." In

Germany, France, Russia, Switzerland and other European countries the railways were wholly or partly owned and worked by the State, and they were often superior to our own.

The condition in England in 1914 is thus summed up by a recent writer : " The situation in 1914 was that the railway workers were demanding the reconsideration of the arrangements of 1911, that individual citizens felt that they were ' the helpless subjects of huge monopolistic organisations.' The *impasse* was that no effective system of control had been devised ; that amalgamations had taken place to such an extent that competition could not be trusted to provide adequate safeguards, and that the railways could not continue as they were with a growing wage bill and further demands for reduction of hours, which was creating an impossible financial situation." [1] The railway dividend was round about 4 per cent. ; about a quarter of the capital paid over 5 per cent. and another quarter less than 2 per cent.

Tramways and Road Traffic.—Though the first tramway (in the modern sense) was laid in Birkenhead at the end of the 'fifties, it was not till after 1870 that they became general. From the first some had been owned by the Municipalities, and most Tramway Acts allowed for their purchase by Town Councils at the end of a term of years. This was due to public dissatisfaction with the use which private gas and water companies had made of their monopoly. In 1891 Huddersfield got Parliamentary permission not only to own, but to manage its tramways, and after 1892 public management as well as public ownership became common. The first electric tram system was built in Kansas City in 1884 ; Leeds was the first English city to adopt it, in 1891. The early systems had overhead wires ; underground conduit and surface-contact systems came later. By 1910 there were 176 tramway undertakings owned by Local Authorities and 124 private ones. Two-thirds of the total mileage belonged to the municipalities.

In 1885 a " safety bicycle " was invented, and the consequent change in the habits of the people was revolutionary. Road traffic without horses is not quite a modern invention. From 1827–35 various steam carriages were invented for road travel,

[1] L. C. A. Knowles, " Industrial and Commercial Revolutions in Great Britain," p. 290.

some of which attained a speed of 20 m.p.h. They met the most furious opposition. For five years Sir Goldsworthy Gurney worked, and spent £30,000, to introduce steam road carriages. Baffled by the turnpike trusts, he succeeded in getting a Select Committee of the House of Commons appointed in 1834, which reported favourably, but the Bill authorising his carriages, which passed the Commons, was thrown out by the Lords, and at that Gurney gave it up. Traction engines were produced, however, and increased, but in 1861 they were forced by Act of Parliament to carry two men and limit their speed to 10 m.p.h.; in 1865 this was cut down to four miles and a man had to walk in front with a red flag. This was the legal position to be faced when, after 1895, Continental engineers evolved a motor vehicle for road work. In 1896 light motor vehicles under 3 tons in weight were freed from the 1885 restrictions and might run up to 12 m.p.h. This made a place for pleasure cars, but not for the heavier trade vehicles. In 1903 and 1904 the weight allowed was increased to 6½ tons and the speed to 20 m.p.h. By 1910 there were 124,860 registered motor cars and 86,414 motor cycles, and in that year a Road Board was appointed.

The effect on trade of this new carrier was great, and has not yet exhausted itself. In the first place it led to an enormous improvement in the surface of our main roads, then the motor delivery van greatly increased the area served by the retail shops of the large towns and so assisted in the building up of great businesses. The motor omnibus (the London General Company ran its last horse 'bus in 1911) is spreading out the cities and threatening to make the north and the south-east of England each one vast suburb. It is helping to bring about a counter-movement to the nineteenth century drift to the towns, not only by allowing the workers to live farther from their place of business, but also by letting the business detach itself from the great railway centres. For small light goods road motor traffic, which can start anywhere and go in any direction, is likely to replace railways. There is therefore no longer the same need for factories to crowd into the expensive cities, where rent and rates run up the working costs.

One other method of transport, invented to meet the demands of the larger cities, where spare space on the surface no longer

exists, is the underground electric railway. The first "tube" at a deep level was the City and South London, opened in 1890.

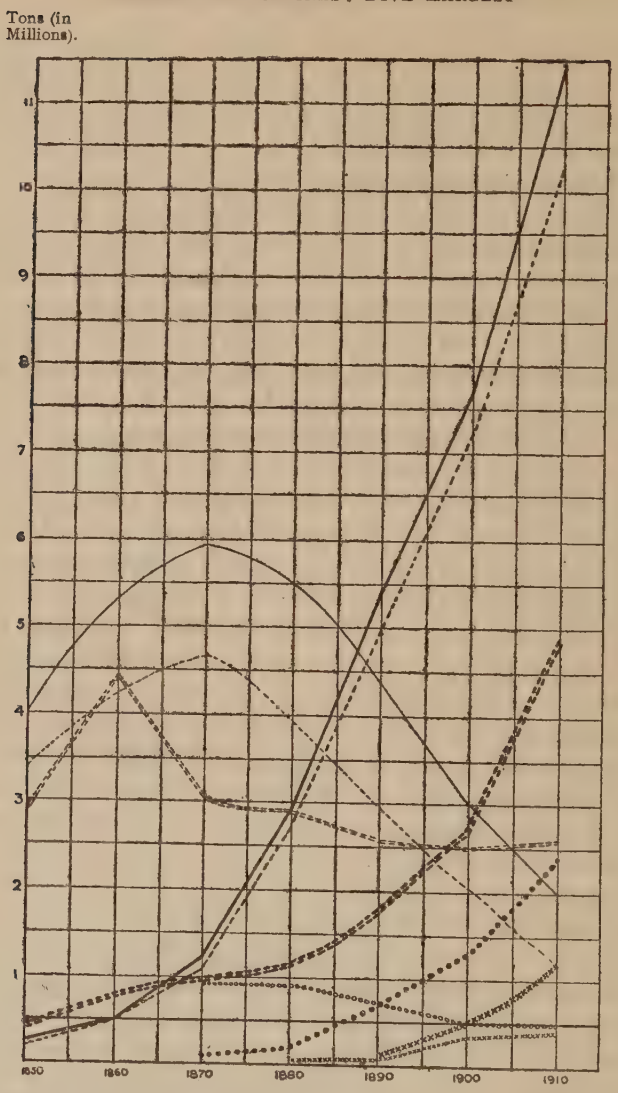
Air traffic hardly comes into our time limit of 1914; the war gave it its real birth. It will eventually in all probability revolutionise the world as much or more than the steam engine has done.

Shipping.—The change from sails to paddles and screws, and from wooden to iron and then to steel ships, does not seem so revolutionary as the change from horse to steam traction, perhaps because the ship still remains fundamentally a ship—even, to some extent, of the same shape. In European history there have been two great moments of change in sea transit—when sails replaced oars and when steam engines replaced sails. Until the sixteenth century the chief theatre of sea commerce and the only theatre of sea war was the Mediterranean, and for both purposes in this enclosed sea oars were the chief means of propulsion, sails but supplementary. But when the trade routes shifted to the Atlantic, something stouter than an oared galley was necessary, and there was a rapid development of the round ship or trading vessel, and later of the galleon for a mixture of war and trade.

Up to the nineteenth century ships remained what we should now consider small, 500 to 1,000 tons, only the great East Indiamen reaching the latter figure. Naturally all ships were of wood. The first vessel propelled by steam was the *Charlotte Dundas* in 1802; in 1819 the *Savannah* crossed the Atlantic in twenty-nine and a half days with supplementary steam, and the first crossing wholly under steam was in 1838, taking fifteen days. Not till then was steam a certain success, even for passengers and mails; for cargoes sailing vessels held their own for another twenty years. From 1840 to 1850 America seriously challenged our place as seamen, with "clipper" ships, long and narrow and of considerable speed. We, however, caught her up and after her Civil War (1862–5) she turned to other enterprise. Clipper ships continued up to 1874 to bring tea from China, and later, right on to 1900, wool from Australia.

The early steamships were of wood and were driven by paddles; the first all-iron vessel was Brunel's *Great Britain*, built at Bristol in 1843. In 1858 the invention of the compound engine solved the problem of how to carry enough coal for long voyages, by halving the consumption.

Mercantile Marines: Five Largest



In 1870 Great Britian had the lead in shipbuilding against the whole world, and maintained it. In 1912 half the world's trade was carried in British ships and two-thirds of all ships built between 1890 and 1914 were built in Britain. The mechanical developments were rapid and startling. In 1874 the largest ship was of some 5,500 tons, had a single screw and compound engines, and made sixteen knots. In 1881 came the triple-expansion engine, followed in 1894 by the quadruple-expansion engine, and in the same year the first turbine steamer was launched on the Tyne. The triple-expansion engine was made possible by the use of corrugated furnaces and the substitution of mild steel for iron. In 1888 twin screws were used, and in 1893 the twin-screw triple-expansion engined *Campania* was built for a speed of twenty-two knots, and crossed the Atlantic in five days nine hours. Then on the Atlantic route came a race for size and speed; by 1907 the *Mauretania*, of nearly 32,000 tons, 70,000 horse-power and 762 ft. long, was racing across the Atlantic in four days ten hours at a speed of twenty-five knots. She is run by turbines and has four screws. Her speed has not been exceeded, though the *Imperator* and the *Acquitania* are longer by nearly 150 ft. At these monsters, built in Hamburg and Glasgow, in 1913 and 1914 respectively, of over 60,000 horse-power and about 50,000 tonnage, the increase of size has so far stayed. On other routes the size development has not been so great. For one thing, the Suez Canal imposes a limit, and neither speed nor luxury is so great a consideration. The tendency is to run one class of boat, reasonably comfortable. The turbine, as first invented, was only economical at high speeds, and was used on the Atlantic route and for cross-Channel boats, but in 1910 the geared turbine made it useful at lower speeds. It used less coal and oil than triple-expansion engines, reduced wear and tear, was more reliable in rough weather and allowed increased cargo room. It is, however, threatened with the rivalry of the internal combustion engine, the noted Diesel engine, first used in Russia in 1903.

The above is largely the story of the great liners, which travel to and fro on fixed routes, timed to start and arrive to the day, almost to the hour. But the greater number of ships are cargo boats, generally known as " tramps." A " tramp " travels from port

to port, picking up cargoes as it may. The problem of her construction is by no means a small one. For instance, where shall the engines be placed so that as she empties or fills with cargo she shall balance truly? Too much weight forward and she is down by the head, all the weight in the middle when she travels with empty holds, and she may strain badly as she lifts on two waves fore and aft. Engines and fuel have complicated marine construction more than enough. Requirements of trade have complicated it still further. There are now ships built with holds, insulated from changes of temperature, that bring cargoes of perishable food in cold storage, meat, butter, eggs and fruit; ships that are just gigantic oil tanks; ships that carry live cattle over thousands of miles.

The first shipment of Australian mutton was 400 carcases in 1880. In 1900 the total import was 7,000,000, and by 1910 17,000,000. In 1914 there were 200 steamers in the trade. The insulating is done by filling a space between the walls of the hold and of the ship with either charcoal or silicate cotton, and the temperature is kept down by steam-worked refrigerating machinery. In 1894 the total charge for slaughtering and freezing the sheep in New Zealand, with freight, insurance and London dues, averaged 2*d.* a pound.

The first specially constructed tank steamer was built in Newcastle in 1886. In 1912 there were fifty sailing and 258 steam ships carrying oil in bulk and 480,000 tons more in process of construction.

What all this expansion has meant to trade can be seen from a few freight figures. In 1868 a ton of wheat cost in carriage from Chicago to Liverpool 65*s.*; in 1884 the cost had dropped to 24*s.* Between 1872 and 1888 the freights for cotton and yarn from or to India had been halved. Then came the inevitable reaction from competition that cut the margin of profit so fine, and the combines and shipping conferences arose as already told.[1]

British shipping has so far held its own almost without Government subvention; there are certain subsidies paid for services rendered, such as mail carrying, and in the case of some of the fast liners that they may be available as cruisers in time of war. The only exception has been a loan of £2,600,000 at a very low

[1] See p. 74.

interest to the Cunard Line to enable them to build the *Mauretania* and *Lusitania* to outrace the *Kaiser Wilhelm* across the Atlantic. On the other hand, its rivals have been aided by an elaborate bounty system, started in 1881 by France and followed by Germany, Italy, Austria-Hungary, Japan, Russia, Denmark, Spain, Belgium and the United States.

There has been certain progressive legislation to secure safety and decent conditions at sea, though much remains to be done. In 1874 a Commission was appointed to inquire into the overloading of ships, and it was followed by an Act compelling the owners to make a line on the ship which would give the maximum depth to which she would sink when fully loaded. This is the "Plimsoll Mark," so called from the man whose insistence secured the reform. After 1882 Lloyd's undertook the marking; in 1906 it was raised to allow English ships to compete with foreign ones. Lloyd's has developed into two great institutions—one insures ships; the other registers, inspects and classifies them. They are inspected every four years and after every accident, and, if necessary, re-classed. In 1894 was passed the Merchant Shipping Act, securing some sort of decent treatment and conditions to seamen and prescribing minimum accommodation; it has been amended and improved several times since, especially in 1906.

The Board of Trade is responsible for merchant shipping. Among its duties are the survey of ships, their equipment and life-saving appliances; questions of seaworthiness, overloading and under-manning; the examination and certifying of officers; the maintenance of the laws protecting and controlling seamen; international conventions and code signals. A good deal of control is exercised by Orders in Council. One great help to seamen comes from the Meteorological Office, founded in 1854.

The Suez Canal.—This was opened in 1869. It had been built in ten years by Lesseps, a French engineer, with French and Egyptian money. The English Government and shipping interests had bitterly opposed the scheme, for it closed the East to sailing "clippers," and would force our Eastern merchants to take to steam. For the first six years its success was doubtful. A mixture of French management, French and Egyptian jurisdiction, Egyptian sovereignty, Turkish suzerainty, and traffic

very largely British did not tend to smooth working. In 1875 the British Government bought up the Khedive's shares for £4,000,000. Since then, whether as a result or not, the financial success of the Canal has been great, and in 1913 the original £20 shares were worth £220. In 1883 came a crisis, owing to complaints from the users of the Canal that their needs were not considered and the tolls extortionate. An International Commission investigated, and as a result the Canal has been deepened and straightened and widened. Sixty per cent. of the tonnage passing through is British.

The Panama Canal is in some ways an even more remarkable achievement, though it had the advantage of previous experience at Suez. Its triumph was due at least as much to the man of science as to the engineer, for the prevalence of malaria and yellow fever baffled all attempts at construction by killing the workers by hundreds. The discovery by Sir Ronald Ross that malaria is carried by a certain mosquito suggested, what was afterwards proved, that another mosquito might be the evil agent of yellow fever. When, therefore, the Americans took up the cutting of the Isthmus of Panama, they first set about ridding the country around of these insects. A thorough cleansing of every building in the neighbouring towns was instituted, and a sprinkling of every pool with paraffin to kill off the mosquito's young. It was made an offence to leave about any tin capable of holding water. The result was that yellow fever disappeared from the Canal and malaria was reduced to one-third of its incidence. The Canal was opened in 1915, and is bound eventually to effect a shift in the world's trade routes.

Docks.—In London the chief addition to the docks since 1874 was made in 1886, when Tilbury Docks were opened. A short description of the docks of London as they were in 1914 may be of interest. They stretch from London Bridge to Tilbury, a distance of over twenty-two miles. On the south side are the Surrey Commercial Docks in Rotherhithe, which are centres for timber and grain, also for bacon, cheese and general produce from Canada. The timber is stacked either on floats in shallow ponds or on an area of 200 acres of land; some is under sheds. From 21,000,000 to 37,000,000 pieces of timber are landed per year. Grain, if it is in bulk, is discharged by pneumatic or bucket

elevators attached to band machinery; if in sacks, by porters. The Surrey Docks are equipped with cold storage.

On the north side are St. Katherine's Docks, once the place of delivery of the China tea trade, and so supplied with large bonded warehouses. Much of the valuable or dutiable cargoes is stored here, such as tea, indigo, wool, tortoise-shell and marble. One of the warehouses is a scent factory, where the flower extract, sent from Southern Europe mixed with fat, is extracted and mixed with alcohol for export. By manufacturing "in bond" the maker need not pay duty on the alcohol, as it is re-exported. At the London Docks are wine vaults, whose gangways are over twenty-eight miles in length, while thirty-two acres of warehouse flooring house the wool, the handling of which during the wool sales six times a year employs 1,200 hands. The fleeces of 100,000,000 sheep enter the Port of London yearly. The West India Docks house rum, sugar, hops, grain and valuable woods. Millwall Dock takes two-thirds of the grain entering London Port. Its central granary has thirteen floors and machinery for handling 500 tons of grain an hour. Below Blackwall are the Victoria and Albert Docks, taking half of all the shipping tonnage entering, for they are the docks for big steamers. Tilbury Docks, furthest down the river, have two very large graving docks, 850 ft. long, from which the 12,000,000 gallons of water can be pumped in one and a half hours. The Port of London Authority controls the river from Teddington Lock to the mouth, a distance of seventy-four miles.

In value of the trade passing through it London must, however, now give place to Liverpool, though this has only been so since 1913. Liverpool is the great exporting centre, London the importing, and Liverpool trade has not the variety of London. It imports raw cotton and foodstuffs, and exports cotton, steel and woollen goods. Its docks are a triumph of organisation and planned development.

The third port of the United Kingdom, strange as it may seem, is Manchester, whose place on the map suggests an inland town. This is due to the enterprise of its leading men, who in 1882 conceived the plan of a ship canal to bring its raw cotton close to its factory doors. In spite of strenuous opposition from Liverpool and the railway companies, it secured its Act of Parliament, and was opened in 1894. Up to 1912 it had cost nearly £17,000,000.

It is thirty-five and a half miles long, its uniform depth is 28 ft., and for its greater part it is 120 ft. wide at the bottom. Its largest lock is 600 ft. by 80 ft., its smallest 150 by 30 ft., and a large steamer of 12,500 tons can be passed through its chief lock in eight minutes. The company owns eighty-four miles of railway, and has water communication with fourteen large canals. Much of the stock is held by the Corporation of Manchester. At one point an aqueduct carries over it the Bridgwater Canal. It has not wrested from Liverpool the import of American cotton, but it imports much Egyptian, and it takes large deliveries of grain. For this it has two grain elevators, each capable of storing 40,000 tons. The largest can discharge from six berths at once, and at the rate of 900 tons an hour.

The grain is taken out of the holds by a series of buckets working on an endless band ; these deliver the grain on to a band running under the pavement of the quay to the elevator, where it is again lifted in buckets to the floor required and poured into great scales, which weigh it automatically and empty it into the bins. When wanted it can be sacked and loaded into thirty railway waggons and twenty carts at once.

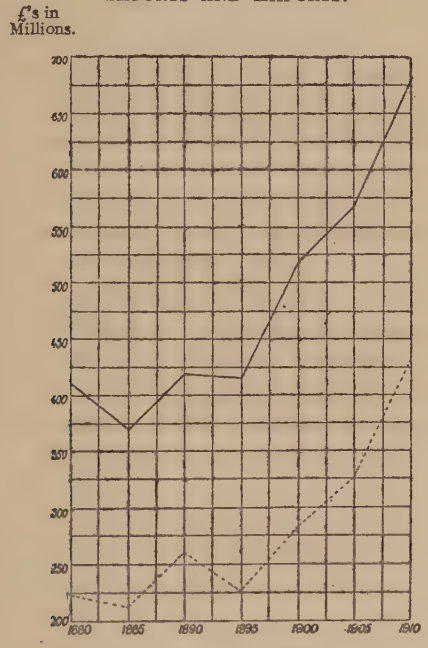
The port also owns fifty-nine great oil tanks, and has cold storage accommodation, in or near the docks, 2,000,000 cubic ft. in volume. The quays at Manchester itself are six and a half miles in length.

Cables.—An essential part in the development of world trade has been played by the submarine cable, which came into use after 1869. This invention was the first in that process of annihilating time and distance which still goes on so rapidly. Twelve main cables link Great Britain to Canada and Newfoundland ; another joins us, *viâ* the Azores, to New York ; there are four to Gibraltar, and thence three to West Africa and the Cape ; Canada is linked to Bermuda, the West Indies, and South America ; a network of cables radiates from Aden to India, to Zanzibar, to Natal ; three thence link us to Australia, and another passes from Vancouver to Fiji, and thence to New Zealand and Australia.

General Movement of Trade.—It will be well to take a short general survey of the movement of trade from 1870. There were two serious depressions, one from 1875 and the second from 1883–8, and the whole time was far from prosperous. That

which began in 1875 was due to the reaction from the post-war boom of 1872 and the disturbance caused by the payment to Germany of the French indemnity of £200,000,000 ; and throughout the 'eighties the rivalry of other nations, already noticed, was encroaching on our monopoly. The development of the American Middle West, coupled with increasing quickness and cheapness of transit, was pouring into Europe the wheat of the prairies, and

IMPORTS AND EXPORTS.



Imports — Exports ...

agriculture began its downward course. We have told the story of the resulting move for " fair trade." One of the effects of this rivalry was the growth of joint stock enterprises, since an investor could thus spread his risks over several industries. Another was the somewhat belated discovery that the relative contraction of our trade was partly our own fault. We had extended our love for *laisser-faire* to the realm of education and research as well as of industry, and the work of our inventors had seemed to justify such casual treatment. But other countries, Germany in par-

ticular, began to show us the difference between the casual acceptance of the works of men of genius and the organised effort of an intelligent nation. Other nations found it worth while to pay men to study, to discover and to invent; and when by 1900 we realised that whole trades, such as the making of aniline dyes and potato spirit and the production of beet-sugar, had passed to the nation that believed in scientific investigation, some small belief in education crept into the general mind. In 1902 the State first took real cognisance of secondary and higher education, and the movement to found modern Universities, free from the classical tradition, grew apace. 1883 saw the University of Wales founded; 1903 Manchester, Liverpool and Leeds; while Birmingham, Sheffield and Bristol followed later. Birmingham adventurously started a Faculty of Commerce, London a School of Economics.

We have seen the enormous increase of our food imports after 1870; the consequence was a great drop in prices after 1873. We drew our food from almost every region of the world, and the supply was almost continuous. In the case of wheat it was entirely so. In 1905 wheat arrived at English ports from somewhere nearly every month:

In January from the American Pacific coast.

In February and March from the Argentine.

In April from Australia.

In May, June and July from India.

In July and August from America (winter-sown wheat).

In September and October from America (spring-sown) and from Russia.

In November from Canada.[1]

From 1910–14 there was great commercial prosperity throughout the world.

One phenomenon of the thirty years before the war deserves attention, the effect of the changes on retail trade. Not only has the general tendency towards large scale organisation shown itself there as elsewhere, but the speeding up of transport has enormously widened the area supplied by the central shop, while postal and telegraph facilities have almost eliminated trade in some rural areas. Big firms in London and other great cities

[1] L. C. A. Knowles, "Industrial and Commercial Revolutions," p. 202.

supply areas of thirty or more miles radius ; a postcard overnight will produce a delivery of food in a village twenty miles out of London almost by return. Textile houses do a large retail trade by post to every corner of the country, and Grimsby fish in small basketloads finds its way to Dorset and Devon.

Banking and Exchange.—The principles of English banking were established during the period 1844–74, and its history since has been that of a great expansion along the lines then laid down. The determination arrived at in 1844 gradually to limit note issue to the Bank of England has been practically carried out, few other banks now issuing their own notes. Besides this the custom has grown up for all other English banks to keep their reserves in the form of deposits in the Bank of England, and they have thus made it the central reservoir of the flow of money in all English markets. At the same time, as we shall presently see, it has come to be the central regulating valve for most of the world flow as well.

But while the banks have ceased to function as banks of issue, their business of all other kinds has enormously increased, and great joint-stock banks have arisen, partly by new growths and partly and increasingly by amalgamations. Between 1877 and 1886 there were absorbed in larger concerns forty-two banks, between 1887 and 1895 there were ninety similar cases, and from 1896 to 1907 there were 100. This tendency was already becoming a serious menace before the war ; events since then have put the control of English money into the hands of some half-dozen great combines.

The great growth of banking business (in 1907 it was estimated that the total assets of English banks amounted to some £1,000,000,000) is, of course, the natural outcome of the great extension of world trade. Let us see how a transaction between New York and London is usually carried out. Suppose a Mr. Brown in New York ships to a Mr. Jones in London a large amount of wheat ; he does not want to wait for his money, nor does Mr. Jones want the bother and expense of sending gold across the Atlantic in payment. So Mr. Brown makes out an order to Mr. Jones to pay whoever presents him with the document, called a bill of exchange, the sum of, say, £20,000, at a date three months hence. Mr. Brown then goes into the money

market and *sells* this bill to a Mr. Robinson for something less than £20,000, say for £19,750; he has then got his bill discounted at 5 per cent. Robinson may sell it again, or perhaps he himself is buying goods in London from Mr. Wall, which he orders to be sent to New York. In payment he sends Brown's bill on Jones to Wall, who presents it to Jones and gets the money. Thus two transactions have been carried out across the ocean, and no money has travelled beyond London. Of course, the history of a bill of exchange is not usually so simple as this; it may pass through several hands, but any merchant sending goods across the seas gets paid in this way, he sells his claim on the other man, and, as time is taken up before actual payment can be made, he sells it for rather less than its face value. The same plan is adopted for sales in the same place when cash is not paid. Suppose a farmer wants to buy some big machine and undertakes to pay for it when he has sold his harvest; the man who sells the machine draws a bill on the farmer for a date three months hence, sells it to some one at a discount, and the farmer pays the some one when the time comes. Obviously it may be troublesome to hawk round such a bill to find a buyer, and so two classes of people have grown up to do the exchange, bill-brokers and bankers. The latter are our immediate concern. Bankers' profits are made by lending at interest the deposits of their clients, and, as these deposits may be asked for at very short notice, ordinary industrial or other stocks are not much use to a banker for more than a small portion of his funds, and Government stock does not carry high enough interest to pay him. Bills of exchange, however, can quickly be sold at need, and in any case are paid after a short interval, and are fairly safe if made out or endorsed by reputable traders. Hence bankers deal largely in these documents and thereby greatly influence the money market. For money has its market as well as any other form of human wealth, and, indeed, a very variable one. If trade is brisk there is a great demand for money, and its price may go up, and *vice versâ*. Again, if New York, over a period, sends London more goods than London sends New York, the balance will have to be paid for in a transfer of actual money, London merchants will have to buy American money to pay with, the demand will raise the price, and the American dollar will go up in value as against the English

pound, and "the exchange will be against us." Of course, there are other factors that influence the rate of exchange, but this is a simplified instance of how one important cause of variation works.

Many causes have combined to make London the central money market of the world, principally the large and widely travelling English mercantile marine. Not that Berlin and Paris and New York had not, up to 1914, important markets of their own, but there was a convenience in London that made it dominant. Part of this was due to the established policy of the Bank of England of attempting to control the flow of gold by manipulation of its rate of interest, which its central position as holder of the reserves of the entire English banking system enabled it to do, and part to its reputation for stability. For, although the Bank of England is a private company in no way guaranteed by the State, there is a very well-founded faith in the indestructibility of its credit. "Safe as the Bank of England" is no mere phrase. In the first place, it is the bank for the Treasury. All taxes are paid into the Treasury account there; all expenditure has to come out of that account. Were the Bank to close its doors, the finances of the State would at once be in inextricable confusion. Besides this, the Government trusts to the reserve of the Bank of England to cover its own emergencies, as indeed do all the other banks. Against the 156 millions in the Post Office Savings Bank no reserve has been built up; should the withdrawals at any moment exceed deposits, the Post Office would have to draw on the Bank of England. It is obvious that the State would have to come to the rescue if the Bank were in difficulties, and so, though without guarantee, none the less the Bank of England has in practice behind it the credit of the English nation.

The changes in our currency have been more a matter of spontaneous growth than those of our banking system. In 1874 gold, silver and banknotes, together with bills of exchange, formed our principal currency. Gold and silver are limited by the world's production of these metals, banknotes strictly by action of the Bank Act, 1844. Bills of exchange have grown with expanding trade and have no limit except the lack of need for them. But they are only suitable for fairly big transactions.

What has been the most striking advance, in England especially, of the last fifty years, is the use of cheques. Previously only men of substance kept banking accounts ; now almost any one with an income of £300 a year or more keeps a current account and pays most sums over £1 by cheques. These are simply orders to the banker to pay money out of the drawer's account, and often the payment only takes the form of a book transfer. If you and I have accounts at the same bank, and I give you a cheque for £5, the banker merely enters in my account £5 paid out and in yours £5 paid in ; no coin passes at all. If our banks are different there is merely a day's delay in passing the cheque through the clearing house. This general use of cheques has greatly simplified the currency supply, for a cheque comes into being when needed, and goes out of existence with the close of the transaction. The result is that cheques and bills of exchange now form the greater part of our currency.

None the less, currency problems are still with us. The old debates as to how far it is possible to use paper money, which does not represent real existing gold and silver, and for which no guarantee exists to change it for gold and silver, still go on, and are greatly increased since the War, during which every nation but America was forced to abandon all attempts at a gold standard, and to live as best it could by uncovered paper. The balance of trade took most of the gold to America, and shifted the central money market to New York. But in 1914 these things were undreamed of. The world seemed very safe then, money flowed freely wherever it was wanted, the nations seemed inextricably linked by the million filaments of a world trade done largely on credit ; no one seriously believed that any one would deliberately explode the whole network, and those who pointed out the explosive character of colossal armaments or tried to warn the people what the breakdown of this delicate interweaving of trade would mean in human misery were scoffed at, or ignored. Then came August, 1914, and catastrophe immediate and irremediable was only postponed by the authoritative abrogation of the whole scheme of commerce by Act of the Government. The disaster was postponed and spread over a period of years thereby, but it was proved to the uttermost for all to see that war and modern civilised life could not exist on the same continent.

CHAPTER VIII

TAXATION. CHANGES IN ECONOMIC THEORY AND OUTLOOK

Taxation.—In the early Middle Ages taxation for the needs of Government was an occasional, not a normal, matter. The theory was held that " The King should live of his own," and as the Crown demesne was very extensive, for a long time it proved adequate. The King's business was to govern, and his office was sufficiently endowed for the purpose. It will be remembered that the most prominent right claimed by the barons in 1215 was freedom from taxation, except on certain fixed and recognised occasions. Besides his feudal estates the King had acknowledged rights of toll on trade, and " customs " were fully recognised. Gradually as government became more expensive, and foreign wars more numerous, more money was required, and the King's needs were supplied on terms. By consent of the leading people capital levies and taxes on income from land were exacted, and later, when more was required, additional subsidies.

The seventeenth century established the control of the Commons over the nation's purse and for the next 150 years the King's income, apart from his private estate, was drawn mainly from indirect taxes, *i.e.*, customs and excise, and next in importance from a tax on land. With the enormously increased expenditure of the Revolutionary Wars came Pitt's device of an income tax, much hated and regarded purely as a war duty. Throughout the time the customs were levied with a Protectionist object on the lines of the mercantilist theory. The extreme poverty and misery that followed the Peace of 1815, aggravated by the appalling condition of Ireland, forced a Conservative Prime Minister, in 1846, to repeal the Corn Laws, and let corn into the country free. Peel's action was followed up by the Liberals, who, during the next twenty years, mainly directed by Gladstone, bit by bit abolished the tariffs and shifted the burden of taxation so that it was nearly evenly distributed between direct and indirect taxation.

By 1874 the doctrine was firmly established that English Chancellors of the Exchequer should propose taxes for revenue only, and not with any idea of protecting this or that home industry or trade, or for any political purpose. Taxes on imports were strictly confined to luxuries, and things the country itself did not produce. The chief tax was on alcoholic drinks, and here there had to be an excise on home-made beer to balance the duty on imported.

During the next forty years this principle, apparently so firmly established as the foundation of English finance, successfully withstood an attack from the commercial side, but was completely undermined from another, and " taxation as an instrument of social reform " became an accepted practice. The most noticeable features of the period in financial matters were the great increase in national expenditure, the rapid growth of direct taxation and the objection to any increase in indirect, the establishment of taxes graduated in accordance with the wealth of the payer, the beginnings and rapid rise of expenditure by local authorities.

The increase of Government expenditure from some £73,000,000 in 1874–5 to nearly £200,000,000 in 1913–4 is a startling fact, and demands explanation ; it is only a little less remarkable if expressed as £2 2*s*. 3*d*. per head of the population in 1874, and £3 11*s*. 8*d*. in 1913, or nearly 70 per cent. increase. There were two obvious causes ; on the one hand, the growth of an imperialistic spirit, not merely in England, but throughout Europe, brought about a greatly increased expenditure on the Army and Navy, especially the latter ; on the other, a growing social conscience, and an increasing belief in the desirability of certain commercial services, such as postal facilities and higher education, of municipal services, such as trams, water supplies, roads and schools, for which grants in aid became common. If the Conservatives wanted more ships, the Liberals demanded more schools ; if the Conservatives paid half the farmers' rates, the Liberals supplemented his workers' wages with Old Age Pensions and Sick Insurance. Neither party hesitated to spend money for what it believed to be the general welfare ; the horror of taxation was gone.

In 1890 the first recognition of " higher education " by the State was made when the " whisky money," a new duty on spirits, was handed over to the County Councils, with leave to use it for

technical education if they chose. At the same time elementary education became free to all. The 1902 Education Act made every kind of education a State service, not as yet free, but very heavily subsidised. Old Age Pensions, National Insurance against Sickness and Unemployment, and other necessary reforms, though usually schemes on a contributory basis, still ate up huge subsidies.

It was in 1889 that George Goschen, in his Budget speech, indicated the opening of the controversy that was to dominate the debates for the next seventeen years, whether it was wiser to widen the scope of taxation by including a variety of taxes, or, as had been the rule since Peel's time, to take every possible opportunity of simplification. In practice, this meant more taxes on articles of consumption, or more taxes on income and property, indirect or direct taxation. One party feared that the taxable limit in direct taxation might be reached, and if sudden need arose there would be no possibility of increase ; the other feared an increase in the cost of food to the poorer classes, and a consequent decrease in real wages. Later came other considerations, not financial, and the movement for Tariff Reform. In the long run the people of England decided emphatically against " broadening the basis of taxation," and throughout the period direct taxation has gone steadily up and indirect relatively steadily down. The following table gives the actual proportions :—

	1841–2	1861–2	1891–2	1895–6	1899–1900	1905–6	1911–2
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Direct .	27	38	44	48	48	50	57
Indirect .	73	62	56	52	52	50	43

In taxation per head indirect taxes actually declined. There is no doubt that indirect taxation did, and does, press heavily on the poor, and since 1897 there has been continuous agitation for its remission. " The free breakfast-table," *i.e.*, the abolition of the tea and sugar duties, has become a well-known party cry. The sugar duty dates from 1901, and has been particularly unpopular.

In the middle of the nineteenth century it was believed to be

impossible to devise any scheme for graduated taxation that would work. It was admitted that while a 10 per cent. tax might be a serious drain on the resources of a man with a few hundreds a year, it was a mere trifle to the man with £10,000, but no one dared to propose attempting an adjustment. It was in 1889 that Goschen ventured to lay an extra estate duty on estates worth over £10,000, and perhaps opened the way to the more elaborate schemes of Sir William Harcourt and his successors. In 1894 the real attack on the accumulations of the rich began. The legacy and succession duties were simplified, and several old estate duties merged into one, and this one graduated according to the total amount of the deceased person's possessions. A tax varying from 1 per cent. for sums between £100 and £500 to 8 per cent. on a million was imposed. This has since been raised to 15 per cent. at the higher limit, and *pro rata*. The total annual receipts from the death duties rose from £14,000,000 in 1895–6 to £25,000,000 in 1912–3. In the same Budget incomes under £400 were allowed an abatement of £160, and from £400 to £500 one of £100. In 1907 came the first distinction between "earned" and "unearned" income in estimating tax on incomes under £2,000.

All these graduations have been meant to transfer the weight of taxation to the wealthier members of the community, and to a large extent have done so; in spite of throw-backs since the war the principle may be taken as established that this is just. But it is to be noted that such legislation would have seemed mad to our grandfathers, and is the combined outcome of a democratic franchise, and that growth of Socialist thought which we shall describe further on. There is a danger, often emphasised by the more Conservative, that when the bulk of the voters pay little tax there is no check on expenditure; it is easy to vote taxes that you will not have to pay yourself. It is a danger to be noted, but not necessarily to be intimidated by.

The main development in the supply of communal services has, however, taken place in the realm of local taxation. Such services include Education, Water and Gas Supply, Tramways and Houses, and there are movements that aim at greatly increasing these. Matters of public health, such as the supply of pure milk, the control of markets, etc., have for years been discussed as

desirable moves forward. Some ports, *e.g.*, Bristol, own and manage their own docks. The amount of local taxation (usually called " rates ") rose from £54,000,000 in 1880–1 to £169,000,000 in 1913–4 (these figures include the poor rate); while the permanent debt incurred by local authorities had risen by 1910–1 to £629,000,000; within measurable distance of the £762,000,000 of the National Debt of the same year. The two sums together amounted to £31 per head of the population. Certain national contributions are made to aid these rates; for roads, to allow a reduction on agricultural land of one-half the rate, etc., these amounted in 1913 to £22,000,000.

The above are the main features of the development of taxation in the forty years before the war. There are also some others of interest. Since Sir William Harcourt's Budget of 1894, taxes have been deliberately used as a tool for Social Reform. The remodelled death duties of that year had a double purpose, to adjust the burden of taxation more fairly by removing the greater burden to the wealthy, also to help modify that uneven distribution of wealth due to the accumulation in fewer hands of large aggregations of capital that was becoming increasingly obvious. By 1913 the death duties supplied £25,000,000 of revenue, or more than one-eighth of our annual taxation. But the great year of the new departure was 1909, which saw the revolutionary Budget of Mr. Lloyd George. Its new features were the introduction of the super-tax, a supplementary income tax on all incomes over £5,000 a year, and the partial acceptance of the principle of taxing the " unearned increment " by a levy of 20 per cent. on all increases of site values of land whenever it changed hands, and a tax of ½*d.* in the pound on all site values. By these taxes it was hoped to prevent the holding up of land necessary to the community, and to secure for the people part of the value that accrued to landowners without any effort on their part. Land, perhaps bought at £40 an acre as agricultural land, often by the mere chance of a city's spreading towards it, or a quick railway service being supplied to its neighbourhood, would sell for £500 an acre or more. After 1909 a small part of this £460 of unearned increment was claimed by the community. That effective measures to reduce the growing inequalities of possessions between man and man were badly needed is evident from the figures of the estate duty. The

total property passing at death in 1912–3 was £276,000,000; of this one-third belonged to 292 persons, one-half to 1,300, and two-thirds to 4,000; but out of 425,000 adults who died, 335,800 "had died without any property upon which it was worth anybody's while to pay the 10*s*. to obtain the authority of the Inland Revenue to deal with it legally." [1]

The taxes on alcoholic drinks are advocated by some as a means of restraining the habit, by others as a highly profitable tax. It is possible that they achieve something in the first respect, and certain that they are effective in the second. Still, the most remarkable fact about them is their steady diminishing. From 1900–14 the amount of wines and spirits drunk rapidly decreased; that of spirits nearly halved. The consumption of beer has also declined, but not so rapidly; in 1899 it was 32·6 gallons per head of the population, in 1912 it was 26·8. A "penny off beer" is always a popular cry, and "the trade" is politically strongly organised, but the growing expenditure of the State compels the Chancellor of the Exchequer to stick to this very fruitful source of taxation, and a strong section of the nation regards these taxes as socially beneficial. They are likely to remain for many years.

But if a growing social conscience has forced the nation into an increase of expenditure that would have seriously disturbed the contemporaries of W. E. Gladstone, the competitive Imperialism that began in the 'eighties brought the demand for far greater sums to be spent in armament. From 1890 onwards the expenditure in the Navy grew rapidly, partly in consequence of our growing aggressive Imperialism and the scramble for markets, partly inevitably from the increasing complexity and size of instruments of destruction. In 1889–90 we spent £15,500,000 on the Navy, by 1902–3 the cost of the Service had more than doubled, by 1912–3 the charge had reached £45,000,000, one-quarter of our total revenue. Over the same period the cost of the Army rose from £17,500,000 to £27,500,000. These were the sums in times of nominal peace; during the Boer War, which added nearly £150,000,000 to the National Debt, the annual charge of the Army rose in 1901–2 to £94,000,000, and the Morocco crisis of 1911 ran that of the Navy up by some £4,000,000.

[1] Mr. Lloyd George's Budget Speech, 1913.

Altogether in twenty-five years the cost per head of the population for total armament rose from 16*s.* 8*d.* to 31*s.* 8*d.*

There only remains to be considered the change in the amount of the National Debt. During the century between the close of the Napoleonic War and the outbreak of the Great War the National Debt, left in 1815 at £858,000,000, fluctuated about the figure of £750,000,000, being at its lowest in 1899, when it was £628,000,000, and, after rising in consequence of the Boer War, it had again sunk to £651,000,000 in 1914. So the century may claim to have paid for its own wars, and some £200,000,000 and the interest on £600,000,000 of the former ones. Considering the wealth that was piled up in that period, it was little enough to have done. More than a hundred years after the quarrel is dead we still pay interest on the loans that financed Prussia and Austria to resist Napoleon, though our great-grandfathers paid nearly half the cost of those wars out of annual revenue, while the men of 1900 were content to throw on posterity nearly three-quarters of the cost of the much smaller South African War. Of this, £127,000,000 out of the £150,000,000 left over was paid off by 1914.

Changes in Economic Theory and Outlook.—The economic changes of the early nineteenth century were so rapid and so startling that men began to investigate to see if there were discoverable any laws governing the changes and any means of controlling their direction. Just before the industrial revolution Adam Smith had published in 1776 his "Wealth of Nations," in which he examined exhaustively the economic basis of society, strongly attacked the prevailing theories of the mercantilist era, and advocated freedom for trade and industry. His book had enormous influence, and when the pioneers of the new industries found themselves hampered by obsolete regulations and trading shackles, a school of thought rapidly grew up that advocated a doctrine of "let-alone." At the same time, the Utilitarian philosophy of Bentham had great vogue, and men of all kinds became convinced that the object of social arrangements should be the greatest good to the greatest number, and that that good would be best achieved by allowing the law of supply and demand to work itself out unchecked. Unfortunately for the theory, the increasingly obvious results of the new *régime* included not only

a great increase of the nation's wealth, but a still greater increase in the poverty and misery of the manual worker. This aspect of the question was examined by Malthus, who discovered that Nature declared there was no help for it, since population always tended to outgrow subsistence, and to increase the comfort of a proletariat was only to make it more prolific. Other writers contributed chapters to the " dismal science," *e.g.*, Ricardo, in his law of rent and his wages fund, and John Stuart Mill summed it all up in the 'fifties. The law of supply and demand was a law as immutable as those of Newton, all State interference was bad, though, if they could be shown to have not too dire results, Factory Acts and the protection of children might be conceded to philanthropy by a wealthy nation.

Meanwhile, a group of Socialists, starting with Robert Owen, denied the truth of the whole theory, premises and superstructure. They maintained that co-operation and not competition was the true path to social well-being, and tried to create Communist Utopias in a desert of individualism. They failed, but their ideas lived on. Gradually the free play of competition was modified in practice, though still maintained in theory, and bit by bit the current dogmas were denied. By the end of the 'sixties the great follower of Bentham himself, John Stuart Mill, had abandoned most of his earlier economics and was approaching a Socialist outlook. When in the 'seventies he gave up the wages fund theory it had seriously shaken popular belief in the classical school of Political Economy, and for some time the whole science suffered considerable discredit.

Soon after 1880 a revival of its study set in from several quarters. At the Universities interest came from the work of Jevons at Manchester, and Marshall at Cambridge, and a new chair of Political Economy was founded at Edinburgh. About the same time arose a school of historians who sought to trace the economic rather than the political history of the nation ; the pioneers were Thorold Rogers, Seebohm, Ashley and Cunningham. Toynbee's " Industrial Revolution " first put together the facts of the preceding century, and later came inquiries into the conditions of the workers, like Booth's " London Life " and the great studies of Sidney and Beatrice Webb. After the turn of the century, inquiries of all kinds and short historical studies on special points

increased rapidly. After 1890 the *British Economic Association* was founded, also the *Economic Journal.*

But however important in the world of thought any modifications of the old theories might be, in the world of action the importance lay with ideas more revolutionary. As M. Beer says in his " History of British Socialism," the years between 1875 and 1890 saw a struggle between Liberalism and Socialism for the soul of the working class. In this fight Gladstone stood as the great bulwark of Liberal Industrialism ; against this Liberal-Labour combination were thrown the Social Democratic Federation of Hyndman, preaching a " class war," the Fabians trying to apply Socialism to practical capitalist policies, and the Independent Labour Party of Keir Hardie working to discredit the " Lib.-Lab." compromise and to imbue the Trade Unions with Socialism.

THE SOCIAL DEMOCRATIC FEDERATION was founded in 1881 by Henry Hyndman, who was a convinced follower of Karl Marx, with a programme largely political, but containing one proposal of a Socialistic nature—land nationalisation. It was joined by all prominent Socialists, including William Morris, and in 1883 extended its list of reforms. In 1885 Morris left it, but, dominated by Hyndman, the small band threw itself into parliamentary action. Failing here, Hyndman, Burns, Champion and Williams led a demonstration of unemployed, which, angered by gibes from the club windows of Pall Mall, became riotous, and the leaders were arrested, but afterwards acquitted. A Mansion House Fund of £75,000 for the unemployed followed. In 1887 the new Conservative Government forbad a meeting of unemployed in Trafalgar Square, and the Radicals joined the Socialists in protest. An attempt to break the police cordon led to the arrest of John Burns and Cunninghame Graham and their sentence of six weeks' imprisonment. This year saw the culmination of the influence of the S.D.F., which then had thirty branches. Its weakness lay in its hesitation between two policies—reform as a step to revolution and hostility to all change that was not the complete one. It never quite made up its mind as to the possibility of evolutionary rather than revolutionary Socialism. With the rise of the New Unionism after 1890, it seemed to see its way more clearly and advised its members to join Trade Unions, and use their influence to spread Collectivist ideas.

Meanwhile, WILLIAM MORRIS, poet, painter and craftsman, was influencing hundreds of minds toward the new outlook. " What he did," says G. D. H. Cole, " was to put clearly before the world the baseness and iniquity of industrialism, and its polluting effect on civilisation, despite the increase of material wealth. . . . He wanted passionately that the things men had to make should be worth making—a joy to the maker and to the user."

In 1893 came the INDEPENDENT LABOUR PARTY, the creation of Keir Hardie, a body Socialist from the first, but differing from the Social Democratic Federation in its belief in the power of the Trade Union. Its main object was to convert the Trade Unions to Socialism and away from Liberalism, to send Socialist members to Parliament and to Municipal Bodies. In the latter it was very successful, and by 1900 it had established the Parliamentary Labour Party.

By that date, too, the final victory of Socialism over Liberalism among the manual workers was no longer in doubt, though the long list of Liberal reforms of a Socialistic character between 1906 and 1914 held back the tide for a time. But " the mentality of the working classes is now passing from politics to economics, and from economics to social ethics."[1] The older Socialist claimed that labour differs from other commodities in that it produces a surplus value ; the new lays more emphasis on the fact that labour is the product of a human soul, from which it cannot be separated. After 1907 came a rise of prices and a lowering of real wages, the Socialist ferment began to rise and the unrest became general. From 1903, too, there had been a strong educational movement among the workers. The WORKERS' EDUCATIONAL ASSOCIATION was founded in that year, with the object of bringing University teaching to the manual worker ; *Ruskin College* at Oxford, for working men, and the *Central London College* were opened. *The Workers' Educational Association* has now 1,071 Trade Union Branches and Trades Councils affiliated to it and 384 Co-operative Societies.

The general effect of Socialistic thought on the nation, outside the actual Socialistic ranks, has been summed up thus by an American writer :—[2]

[1] M. Beer, " History of British Socialism," Vol. II., p. 199.
[2] Haney, " History of Economic Thought," p. 391.

(*a*) The idea that social institutions are not the product of natural law, but of historic growth and of man's dealing, has modified the dogmatism of the classical science.

(*b*) There has been a change of emphasis from exchange value to social utility.

(*c*) Problems of distribution rather than of production have become prominent. The question has been raised: "What is a just wage?"

(*d*) There has been much weakening in the opposition to State activity.

(*e*) It is Socialism that has brought to the fore the problem of the "unearned increment."

(*f*) The general attack of capital has led to a more careful analysis of the doctrines of Smith and Ricardo.

KARL MARX (1818–1883).—It is time to turn to the founder of revolutionary Socialism in its modern phase and ask what this much-discussed thinker and teacher actually said and did. Marx was by race a Jew, born of parents who had accepted Protestant Christianity, and who moved in high enough middle-class society for their son, Karl, to marry into the lesser German nobility. Such an origin does not usually lead to a life of revolt against constituted authority, except in very strong characters by reaction. Marx evidently was of this kind, for in 1843, at the age of twenty-five, he had to flee to Paris when the authorities suppressed a newspaper he was conducting. In 1848 he returned to Germany, took part in the Revolution of that year, and when it failed fled to London, where he lived the rest of his life. He was really a student and a man of intellect rather than of action, though he made for revolution even more than most thinkers. His great book was "Das Kapital," of which the first volume appeared in 1867, and the two others after his death, in 1885 and 1894. It is not often that Continental writers and thinkers have great influence in England. Lassalle, a name to conjure with in Germany in the 'sixties, was almost unknown here; the whole school of French Socialists were hardly to us even a name. Marx's influence is due to his long residence here, from which he came to know most of the advanced leaders of the time, and to the fact that he based his theories on facts drawn from British history and British industrial organisation. His friendship with Engels, who

had been in business in Manchester and knew English Socialism, tended to turn his mind in the same direction. Marx's theories may be divided into four main groups :—

(*a*) *Surplus-Labour and Surplus-Value.*—He followed the older economists in asserting that the value of a thing was measured by the amount of crystallised labour it contained. All workers produce more than is required to keep them in efficient working trim, and this surplus value the capitalist seizes. The extra hours worked at the demand of the employer to produce this surplus value he calls surplus labour. To increase the surplus value the employer enforces longer hours, increases his machinery, or forces down the cost of living ; or he may employ cheap labour (women and children), or speed up the intensity of work. In any case, the worker never gets the full value of his labour, and Marx maintains that it is of the essence of the capitalist system that he should not. Then, as labour-time alone measures value, the increase of machinery reduces the value per commodity, and if profit is to be maintained, production on an increasing scale is necessary. Whence follows his second theory.

(*b*) *The Law of Concentration of Capital.*—Marx traces the story of capital from the sixteenth century down to its modern concentration in the hands of the few. The tendency was evident when Marx wrote, and he foresaw it must grow stronger ; indeed, he held that such a destiny was inherent in the system. Joint stock companies with idle shareholders show the evil in all its nakedness, trusts and combines even more so. To Marx " private property " is not the right of the worker to what he has produced, but the right of others to appropriate it to themselves. This right, as the blocks of capital grew larger and in fewer and fewer hands, would become a fiercer and fiercer tyranny, and finally a fetter on production. At this point the workers would seize control and constitute themselves the nation and would expropriate the capitalists. This was the inevitable social revolution, " the dictatorship of the proletariat." Marx did not so much advocate this revolution as prophesy it.

(*c*) *The Class War* was a necessary result of the above theses. Wages and profits were mutually exclusive ; what one gained the other lost. No compromise was possible, the *bourgeoisie* were drones living on the workers and must be deprived of all

power. But the victory of the worker was sure, once he became conscious that a better system was possible.

(*d*) His theories were the result of minute and prolonged historical study, which convinced him that the real *history of man had a materialistic basis*. The material needs of man and his methods of satisfying them determine his legal, political, social and intellectual relations. "The method of producing commodities, speaking generally, fixed the social, political and intellectual processes of life. A man's conscience has less to do with determining his manner of life than has his manner of life with determining the state of his conscience."[1] Hence, when the productive forces change they get out of gear with the political and social superstructure and society enters on a revolutionary period. But in spite of his "class war," which did indeed make an effective rallying cry, Marx's idea of revolution was an English rather than a French one, comparatively peaceful, possibly even parliamentary.

Such were the theories that have profoundly modified the outlook of every modern thinker whether he acquiesce in them or no, and which have fired a revolutionary blaze, greater than that of France, whose end is not yet. But Marx's real fame depends less on the truth or falsity of his doctrines than on his encyclopædic knowledge of economic facts and in his appreciation of the movement of the working class. He was the first Socialist to grasp the *rôle* of the proletariat, to believe that liberty could be won by their own action alone, not bought for them or given them by others. His modern followers have rejected his theory of surplus value and modified the others. Though capital has concentrated as Marx foresaw, it has at the same time—and this he did not foresee—also spread. We have great amalgamations, trusts, combines, which would seem to him just what he expected, but he would have been startled to learn that shareholders of joint-stock companies include thousands of manual workers, and that Trade Union funds to the amount of many millions are similarly invested. The capitalist system is less simple than it seemed. So, too, with the class war; modern life again is not so simple, and a struggle between two clear-cut interests is neither likely nor, indeed, possible. The wage-earner's interest

[1] Marx, "Kritik der politischen Œkonomie," p. 5.

is not absolutely confined to wages; collectively, if not individually, his class is no longer, strictly speaking, a proletariat devoid of possessions. Modern Collectivism is based on Marx, but its revolutionary Socialism has, in England at least, tamed down to evolutionary Socialism by Act of Parliament.

Anarchism.—To devote a paragraph to the Anarchists in a history of England may seem at first absurd, for Anarchism has had, in fact, few followers anywhere outside Russia and the Latin nations. Actually, however, Anarchist thought has exercised considerable influence on the later schools of Socialism. It owes its foundation to two Russian aristocrats, Bakunin (1814–76) and Prince Kropotkin. Bakunin began his career in the Russian Army, but an experience of crushing a revolt in Poland led to his resignation, and he spent six years in the study of philosophy. By 1842 he had become a revolutionary, was in Berlin and Paris, where he met Proudhon. In 1848 he took part in the revolutions at Prague and Dresden, was arrested, twice condemned to death, and finally handed over to Russia. He suffered brutal imprisonment and then exile to Siberia, whence he escaped in 1861 to London. Thence he directed revolutionary activities in Switzerland, Italy and France. In 1869 he joined the International, bringing with him a large Latin contingent, quarrelled with Marx in 1872 and was expelled. He died in 1876.

Kropotkin in his early years was interested in natural history and geography. About 1871 he began to educate some of the working men of St. Petersburg, was arrested and imprisoned in the fortress of St. Peter and St. Paul. In 1876 he escaped to England. In 1884 he was wrongfully imprisoned for three years at Clairvaux, in France, and such was his reputation as a man of science that not only Ernest Renan, but the Paris Academy of Science placed their libraries at his disposal during his imprisonment. From 1887 to 1917 he lived in England, and returned to Russia on the outbreak of the Revolution.

Though Bakunin followed Marx in his schemes for organising production in the new State and Kropotkin was a Communist, they both held the essential idea of Anarchism, that all authority is a denial of human right. The State is *par excellence* the agent of all exploitation and oppression; "it is a flagrant negation of

humanity." Bakunin called it "the visible incarnation of infuriated force," and "force is a permanent negation of liberty." There should be no compulsion even of the smallest minority. "A society of free men, perfectly autonomous, each obeying only himself, but subservient to the authority of reason and science, such is the ideal which the Anarchists propose, a preliminary condition of its realisation being the overthrow of every established authority." [1] The Anarchists believe that the essential thing in humanity is its profound instinct of mutual help and reciprocal friendship. Anarchist society, from which the tyranny of oppression and the fear of economic distress would be removed, would consist of a federation of free associations which every one could enter and leave at will.

One of the most useful and effective demonstrations that we owe to the Anarchists is that the world could, if properly organised, double and treble its productiveness. Five hours' work a day from all between twenty-two and forty-five would supply the needs of the race. Kropotkin believed that in a happy community idlers would be so few and so despised that the community could risk giving them a minimum support. What no Anarchist scheme has, however, allowed for is the difficulty of restraining any group of madmen who should combine to use force; if an armed attempt to seize power were made, would not the community *have* to use compulsion against them?

With such doctrines it is strange that Anarchism should have attracted for a time such a large contingent of men and women who believed in destruction as a remedy.

The belief of the leaders that a forcible destruction of all existing authority was the first step towards freedom was probably the cause, and that belief arose from the circumstance that these men had been victims of a tyranny for which it was probably true there was no remedy but forcible destruction. With Russian Czardom no compromise was even thinkable. Consequently, the body that believed in the possibility of men living in peace and order by mere mutual goodwill, attracted to itself "much that lies on the borderland of insanity and common crime." [2] However, the throwing of bombs was not the essential and permanent part

[1] Gide and Rist, "A History of Economic Doctrines," p. 67.
[2] Bertrand Russell, "Roads to Freedom," p. 67.

of the creed, and the terrorist campaign practically ceased in 1894.

To turn from the Anarchists to **The Fabians** is to leave the land of dreamers, for that of our own more temperate climate of compromises. In 1884 a small band of some dozen young men formed a society to study social questions and bring about social reform. Frank Podmore invented the title from Fabius Cunctator, who knew how to bide his time and then strike hard. A few months after its foundation it was joined by Sidney Webb and George Bernard Shaw, who were to give it its peculiar characteristics. For three years their chief occupation was the study of social phenomena and of economic theory. Throughout, the dominating thought has been Sidney Webb's, ably assisted by his wife, and commanding the enthusiastic service of a man of genius to force the ears of the people. Beer compares their influence on Socialism to that of Bentham and Mill on British Liberalism fifty years before. The Fabians, while generally Socialist, preached as a body no specific Socialist doctrine. Sidney Webb saw that, since Marx wrote, conditions had changed, and class war and revolution were no longer essential preliminaries to the building of a Collectivist State. England was now potentially a democratic State with a working class whose economic power was increasing. All that was needed was to teach democracy how and for what ends to use that power. Owen had seen no way but to build a co-operative commonwealth outside the State ; Marx judged destruction of the State a necessary preliminary ; Webb proposed to examine each evil in the light of Socialist doctrine, to consider possible remedies, and then persuade the nation to adopt them. The business of the Fabians was first to get knowledge and then to permeate with it the existing machinery of government. Though Webb's own Socialist theory was based on an extension of the economic theory of rent, the society as a whole bound itself to no particular theory, only to certain practical proposals. By means of taxation, municipalisation and nationalisation, the power to exact rent in any form must be removed from the individual and transferred to the community. In 1896 the society announced its objects to be : " To persuade the nation to make their political constitution thoroughly democratic, and so to socialise their industries as

to make the livelihood of the people entirely independent of capitalism."[1]

Side by side with this policy of permeation went the collection and publication of authentic statistics and facts dealing with present evils. Its publications have been many and various; nearly 200 Fabian Tracts have been put forth, with a total circulation of near a million. In 1912 it established a Research Department. In 1908 the Fabian Women's Group was formed. The total influence of the society, which is small in numbers, has been great. Though its appeal has been almost entirely to the educated, it has reached through them the organised workers, and much of the present programme of the Labour Party is based on the work of distinguished Fabians.

The Nationalisation of Land and the Single Tax.—Proposals for the nationalisation at least of land did not come only from Socialists. The question of the unearned increment of land was not long in coming to the fore, once the extension of the great cities began. Even in England, and, of course, more so in the newer lands of America and the Colonies, the rapid increase in the exchange value of land as the cities spread was startling. Ground rents in London between 1870 and 1895 rose by £7,000,000; Hyde Park, bought in 1672 for £17,000, is now worth £8,000,000. A quarter of an acre in Chicago sold in 1830 for 20 dollars, in 1836 for 25,000 dollars, and in 1894 was valued at 1,250,000 dollars. That sums of such magnitude should go into the pockets of people who had merely sat idly and waited for the demand to rise was too obvious an injustice to escape notice. The difficulty, too, in securing agricultural land for small holdings was great. For this state of affairs two remedies were proposed. For the latter difficulty Alfred Russel Wallace in 1882, and others at various times, urged that the ownership of land should be transferred to the State, which would rent it to all who wished. Every man should have the opportunity once in his life of choosing a plot of 1 to 5 acres, provided he would occupy and work it. How he was to obtain the capital necessary to do so was not so obvious. The matter of unearned increment had been considered by J. S. Mill, whose plan for dealing with it was for the State to annex all future increases, leaving the present

[1] M. Beer, "History of British Socialism," Vol. II., p. 284.

holders with their present values. This would necessitate a valuation of all land, and periodic revaluations ; there must also be distinction between increase due to communal activity and that due to private improvements. If the owner preferred to give up his land, the State should buy it at its present value. In 1850 Patrick Dove, a Scottish reformer, proposed to nationalise all rent and make it the sole tax. The real founder of the movement for the " Single-Tax " was an American, HENRY GEORGE (1839–97). In 1879 he published " Progress and Poverty," in which he set out to show that the poor condition of the labourer, in spite of the great increase of collective wealth, was due to interception of all economic rent by the owner of the land. No matter what progress material civilisation may make, as long as rent is allowed for land, all increase must find its way to the pocket of the landowner. Get rid of this rent and poverty will cease with the inequality of wealth. For practical proposals George put forward the suggestions that in new countries the State should not give, but rent, the land to all who asked ; in old countries where the land had already been given away it should be taxed nearly up to its rental value. He argued that it was no more unjust to expropriate landowners than slave-owners, which latter America had recently done without compensation. Henry George utterly repudiated Socialism ; he held individualism and competition to be necessary for freedom ; none the less, his book had great influence among Socialists. They did not consider it solved the problem ; they held that other " rents " besides land rent held up the proper distribution of wealth ; but the nationalisation of land was an important and essential first step in their programme. Land rents might or might not be a sufficient " single tax " to supply all the revenue needed, there were plenty of other good reasons for nationalising other things. At the same time, the " single tax " idea was taken up by a considerable number of Liberal individualists. A small movement in its direction was made by Mr. Lloyd George in his 1909 Budget, in an attempt to tax increased land values, an attempt he later abandoned when a member of a Coalition Government.

The last movement we have to study is **Syndicalism** and its English version, **Guild Socialism**. Syndicalism is a movement practically confined to France and Italy, and represented by

the Confédération Générale du Travail. Syndicalists have re-emphasised the essentially proletarian character of Socialism; they take no interest in any but the manual worker, and repudiate all political action. The movement grew out of disgust with the constant failure of loyalty in men who rose to political power by Socialist votes and then repudiated their creed. France has suffered much from these gentry. The essential feature of Syndicalism is organisation by bodies of producers, not by political units. It may be described as revolutionary Trade Unionism. Each industry is to be controlled by the workers in it, and the power is to be won by direct action, the big weapon being the "general strike." Syndicalism, as such, has no hold in England, though some in Scotland, which it reached by way of America. In the United States there is a strong body, known as the I.W.W., the "Industrial Workers of the World," founded in 1905 and permeated with Syndicalist methods. In America, where the class struggle is more bitter than anywhere else in the civilised world, the theories of class war and direct action are bound to take greater hold. It is to be noted that while Socialism had attacked economic problems from the point of view of an ideal State, Syndicalism takes existing organisations, the Trade Unions, and proposes to develop them to achieve communal organisation.

In England, a version of Syndicalism known as GUILD SOCIALISM has lately attracted much notice. Its creators were G. D. H. Cole, A. R. Orage and S. G. Hobson, and it dates from 1912. The scheme is as follows: the community will own the means of production, and will rent them to bodies of workers organised as Guilds for each industry. All workers will be members of some Guild, and each Guild will be a democratic body controlling the condition of its labour, and electing its own managers. A Parliament will represent the people as consumers, and the final authority will be a joint committee, representing as to one-half the Guilds, and as to the other the Parliament. This joint committee will determine the rent the Guilds shall pay for their instruments of production, and the price they shall receive for their produce. How that price is to be distributed among the members of each Guild, whether equally or according to an estimate of the value of each man's work, will be left to the Guild to settle.

Whether this scheme or some other form of " Nationalisation with democratic control " will be the final one, it is certain that the idea contained in the phrase quoted has seized the minds of the British workers. It is a typically British product, and bids fair to reach eventually the stage of experiment.

Scientific Theory and its Influence on Economic Thought.— The growth of economic theory was naturally not uninfluenced by that profound revolution in human outlook produced by the general acceptance of the Theory of Evolution. The only change comparable with it was the displacement of the earth from the centre of the universe in men's minds, and its reduction to an insignificant fragment whirling round one of the smaller stars. Even then it was still possible to regard man as a conquering king of that universe, occupying for a time a specially favoured corner of it, with all things created solely for his use, and having no reason to exist apart from him. The new outlook started with the publication in 1859 of Darwin's " Origin of Species," and was made general by the devoted exertions of Thomas Huxley in expounding it. Gradually the idea of growth and change as the history of all things material and spiritual became part of the inherent thought of Europe, and in economics, as elsewhere, it was recognised that development was the law of progress. For a time, it is true, the emphasis invariably laid on natural law in the new theory tended to increase an already over-sufficient materialism, an acquiescence in " Nature red of tooth and claw," and a transference of a doctrine of " survival of the fittest " from Nature to the communities of men. For a long time men were blind to what the men of science really said—that they did not use " fittest " in any moral sense. Though the fittest to survive in a world of physical force might be the cunning and the strong, it by no means followed that a world of force was either good or, indeed, inevitable. Science actually showed that even in Nature it was not the mammoth and the dinosaur that survived, but rather the cunning ape, and the races that sacrificed most for their offspring. Still, for a time, science, as perverted and popularised, seemed to support utilitarianism and *laisser-faire*, though it eventually undermined their positions. What the new thought did was to assault the innate conservatism of all men by its emphasis on growth and development, its hint of a goal towards

which creation moved, its hope that since man could rise from the amœba he might yet rise to a point a little lower than the angels. This thought, permeating all departments of human activity, ate out the supports of the altar of the " god of things as they are," and set men thinking how to create a decent and wholesome way of human living. Probably history will look back on the nineteenth century less as the era of great material progress and expanding Imperialism than as the age when science whispered first the hope that evolution is the law of all things.

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